

BRITISH COLUMBIA: Fish Come First • MUSIC: Barenaked in America

CANADA'S WEEKLY

NEWSMAGAZINE

Maclean's

JULY 20, 1998

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CANADA'S
WEEKLY
NEWSMAGAZINE

This Week

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Big wheels

36 Light trucks are expected to account for a record 48 per cent of all new vehicles in Canada this year. The result is a sea of smiling faces in the auto industry—and a raging debate elsewhere about the truck boom's impact on road safety and the environment.



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Premier Glen Clark and Minister Fisheries in British Columbia are in an uproar—but federal Fisheries Minister David Anderson's "fish first" policies appear to be winning approval



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Barenaked in America

Canada's home boys of pop, Barenaked Ladies, are making their career with a big splash south of the border. And three other hot acts release new CDs



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A cautionary tale on REITs

Once considered risk-free, real estate investment trusts are losing their lustre—even ones with prime properties such as William Fitt's Legacy House

From The Editor

The politics of big money



With little fanfare, mainly back-page newspaper play one of the most revealing documents of the political season was released in Ottawa on July 3—a Friday, the customary day for dumping information that is meant to be ignored. For good reason, it carried a sleep-inducing title: "Registered Political Parties' Fiscal Period Re-

turns for 1997." Translation: where the money went. For political junkies, the file grant was riveting; the overall portrait providing insights into how major players and in-house support the political system and wield influence.

Toronto lawyer and financial adviser Michael McLaughlin, a Conservative senator, gave his party \$100,500, the largest single donation on the list. Close behind was media executive Ted Rogers, who gave the Tories \$111,000 (although his company also donated more than \$80,000 to the Liberals and \$30,000 to Reform). Tony Prill CEO of BDC (Dominion Securities), contributed \$21,000 to the Liberals. Prime Minister Jean Chrétien gave his party \$1,700. John Turner donated \$300. There's Trudeau obviously he's not a Jew then anything he gave the Liberals was a joke.

The big news was big bucks. Contributions to all parties totalled \$88.5 million, of which \$2.2 million—five per cent—came into the banks or their investment arms. The Bank of Nova Scotia and its brokerage house, Scotia McLeod, gave the Liberals \$231,072, the Tories \$152,561 and Reform \$49,500. For people who have been away, Scotia is the case big banks that is not so far serving support for a campaign.

As for the other side:

The Conservative and its investment arm, CIBC Wood Gundy, gave

the Liberals \$990,685, while their partner partners over at Toronto Dominion Bank gave \$165,651. Meanwhile, the Royal Bank and all used BDC. Dominion Securities gave the governing party \$154,800 in during parties. Bank of Montreal, donated \$100,325. Other major contributors to the government party are companies that have benefited thanks to very much, from Liberal support. BCCI Inc. and Bell Canada gave \$111,500. Boardman's of defence contract gave gave \$85,000. You get the idea.

New, a couple of positive points. All of this happens in the open, with parties required to report donations to Elections Canada (only the Christian Heritage Party did not). And will to come later this month are details of the expenses incurred by the parties in the last election. That they have had more than a year to polish their books is a mild cost—mild when you contemplate what goes on in places like Nigeria and Indonesia.

Still, it is difficult to resist the thought that too much money flows to the parties from special interests. Of the total \$27.4 million collected by the Liberals, July

\$11.2 million—40 per cent—came from companies and only \$5.7 million from individuals. The Tories took in \$14.9 million, 58 per cent from business. Reform's \$8.7 million came mostly from individuals. 75,000 people gave a combined \$5.5 million. The NDP received only a smattering of corporate money but of \$7.2 million raised nationally, July \$2.1 million came from unions. The Bloc Québécois, which does not accept donations from union or corporate, raised \$2.1 million. In politics, it pays to follow the money.

Robert Lewis

women about the people left off and the people left on. Writing on the back page of this magazine, columnist Peter C. Newman vented about the inclusion of New Brunswick industrialist R. C. Irving.

The strongest attack came in the July 5 Sunday *New York Times*, where Toronto-based reporter Anthony DePalma vented about the selection of Georges Vanier, one of the country's most decorated war heroes. He dismissed Vanier as "a one-legged, infirm First World War hero and representative of the queen whose entry in the authoritative Canadian Encyclopedia is but two paragraphs long." He noted that the list also included "Serge Fox, a nine-legged man who read funds to fight cancer." All the more puzzling is that DePalma comes from a nation where many people share a serious disability—their heads swell when their national anthem is played.



Chrétien in 1997: the fine print was riveting

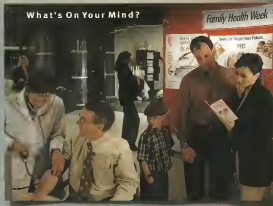


Vanier decorated war hero

Newsroom Notes:

The 100 Canadians

The ranking of the 100 Most Important Canadians featured on the cover of the July 1 issue has provoked just about every emotion, except indifference. There have been heartfelt letters from readers who praised the project as a useful history lesson. There have been puzzled letters, there have been angry letters. There have been crit-



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Frederick: An amazing Canadian unknown to his country

Debating 'The 100'

Your coverage made for very interesting reading, but it did have many flaws, not the least of which was its treatment of women. You found room for 56 women among the 100 most influential Canadians, but of these were fictional characters, one, a Native Builder, was snatched out because "the giver had biased perspective and contribution", one was a fortune-teller, and one was a scam artist in the mining industry, and one was chosen because she had assisted in-room with Tony Abbott's ministers. It seems to me that this paltry collection of women can only be explained by the limited resources used by your research team. There is no shortage of remarkable women in Canada.

Dana Rivers,
Student at University of Alberta
Concordia University
(Montreal)

Your panel seems to have concluded "suspicious" with "admirable." An important person is one without whom this country and the world would have been immeasurably different.

LETTERS TO THE EDITOR

should be addressed to:
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Readers' columns readers' letters, but letters may be edited for space and clarity. Please supply name, address and daytime telephone number. Subscribers may appear in Maclean's electronic lists.

A native Montrealer

I was born and raised in Montreal. I am not a sovereign. I do love Quebec, but I remain in Canada. But when I read comments like William Johnson's about the anglophones' language rights in Quebec, it outrages me. "I'd still unleash," Canada, July 6. I do not understand what the anglophones are complaining about, at least the ones who live in Montreal. You can lead a perfectly normal life if you're an anglophone in Montreal. There is everything you can think of: English newspapers, radio and TV stations, hospitals, universities, colleges, theatres, libraries, pubs, etc. In some areas, it is even difficult to find French-speaking people. To the knowledge, there never was a better-trusted minority in Canada than the anglophones in Quebec, particularly in Montreal.

Thomasine Robitson,
Coquitlam, B.C.

'Brain-drain' stats

The chart headed "The brain drain," attributed to Statistics Canada ("The tax wars," Canada/Special Report, June 8), may have left the wrong impression with your readers about the migration of professionals into and out of Canada. It illustrates immigration flows into and out of Canada within five professional groups between 1980 and 1990. However, it was not made clear that the numbers published in the chart relate only to the exchange between Canada and the United States. The numbers do not take into account the large flow of immigrants in natural and applied sciences, such as engineers, computer scientists, natural scientists and so on, into Canada from other countries. Furthermore, except in the case of doctors, the numbers presented in the chart are not much higher than those between 1980 and 1990. In other words, they do not indicate that the trend became significantly worse over time. We might also clarify the statement that "one-quarter of all Canadian doctoral students—the best and brightest"—now leave Canada within two years of graduation." It should be pointed out that almost an equal proportion of these graduates are foreign students. This raises the possibility that a considerable portion of the doctors' productivity departing from Canada may, in fact, be foreign students returning to their country of origin.

T. Scott Murray,
Director, Culture, Tourism and the Centre for
Educational Statistics,
Statistics Canada,
Ottawa

A 'pathetic life'

There are thousands of individuals in the world working and contributing to the advancement of society. You could choose to chronicle the contributions of any of these people, which would help your readership's understanding of how society advances. Unfortunately, you chose Albert Walker and the age-old primitive theories of death, death and reincarnation ("Death and desert," Cover, July 6). Telling the story of the pathetic life of Walker contributes nothing to your readership.

Max R. S. Watson,
Edmonton, B.C.

THE MAIL Land of opportunity?

In your June 23 edition, *The Road Ahead* was titled "Land of opportunity?" In this article, the author stated that despite his impressive qualifications he could not find work. There is a very simple solution for someone as qualified as this, and which follows the approach that tens of thousands of immigrants have followed over the many years people have been coming to Canada. Start your own business. If the author is as good as he says, then he will find Canada is indeed the land of opportunity. If not, well, then perhaps the problem is not Canada.

Christopher Silver,
Surrey

some of the brain drain, particularly in scientific fields, occurs because of reduced opportunities for new graduates because of government cutbacks to scientific research.

Al Stevenson,
St. Catharines, Ont.

Remembering Flora

I was glad to see Flora McDonald reappear in *Opening Nations*, June 15 (Dorothy Taylor). Before that article appeared, I had hoped to hear she was again challenging the leadership of the Progressive Conservative Party. I felt she was the best-qualified candidate to the 1995 leadership and was only beaten by her gender. Even today, I feel she is still the strongest candidate.

Dorey Coleman,
Stettin, Manitoba, B.C.

The brain drain

Rarely mentioned in articles such as "The Race wars" (Canada/Special Report, June 8) and letters dealing with Canada's taxation is the fact that we live in a larger country than the United States with about one-tenth the population. If we tend to run this country on the same rate of taxation as the States, we would have to reduce infrastructure services and our social programs drastically. It should also be recognized that at least

The health report

I found your health report very enlightening, especially for what it demonstrated and did not explore ("The Multisystem Health Report," Cover, June 13). Politicians will say that seniors account for a major share of health care dollars. However, you barely

mentioned seniors in your report. In fact, the number 1 use of hospital beds, according to your report, is pregnancy and childbirth and obstetrics—hardly a seniors' issue. On the other hand, this use demonstrates that younger women will be leaving the front of hospital clusters. Second, seniors have been described as the major group of "bed-blockers," who prevent the efficient use of hospital beds. But your report shows that the number 1 cause of bed blocking is trauma/surgery—again, hardly a seniors' matter. I don't know what a more skewed in our country. The mythmaking is the only.

Editor: Margaret,
President, Canadian Association
of Retired Persons,
Toronto

"The Multisystem Health Report" failed to address the benefits of parks and recreation as important determinants of a community's health. Factors such as diet, education and exercise play a companion with affordable access to green space, active living and recreation. In the evaluation of where health dollars should go, federal and provincial governments should look more closely at the role municipal leisure services play in keeping our overall health bill in check.

Gordon Royce,
Surrey, B.C.



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Macleans is to be congratulated for the coverage of one of the darker aspects of life in the Canadian Forces ("Abuse of power," Cover, July 13). Canadians have the right to be informed about the personal conduct of the members of the Forces. However, in fairness, your readers deserve to be informed of what measures the Canadian Forces have taken to address the issue of sexual misconduct among its members. The Canadian Forces are investigating cases of sexual misconduct, some of which go back a decade or more, through a process that operates independently of the chain of command. The investigations are and should be thorough, and, where required, justice is sought to bring down to the violators. The minister of defence, Art Eggleton, and Chief of the Defence Staff Gen. Maurice Baril are proactive in their efforts to reach a level of zero tolerance and to ensure that members of the Forces are a national resource at which Canada can be proud.

Alela Polivka,
Executive director,
Confederation of Defence Associations,
Ottawa

Tax calculations

John Gertson fairly imagines that a flat income tax is significantly simpler than the progressive one we now have. ("The growth part of the problem?" The Road Ahead, July 6). In truth, a change from the current progressive tax to a flat one would eliminate only one subtraction and one addition from the overall tax calculation. Elimination of "the numerous loopholes and questionable deductions" would, of course, simplify things immensely. They could be removed and still keep a progressive tax. A flat tax would be just as difficult to compute as a progressive one. It would be good for the rich, but a lot less fun for the average taxpayer.

Philip W. Smith Jr.,
Waterloo, Ont.

Iam impressed by Maclean's recent coverage of the morale problems in the Canadian Forces. However, as someone who has spent six years in the military, I can confirm that pay and benefits are only the most visible cause of the decline in morale. They are quite important, but more fundamental problems need to be solved. Throwing money at the army may fix the questionable Canadian soldier, but it won't solve the morale problems alone. The fact is that nobody joins the army to get rich. Why then do so many join? For most, it is the pride and prestige of serving one's country, and the adventure of going where others fear. However, the reality is quite different. Once in, they quickly discover there isn't much pride and prestige allowed there.

Training standards have been eroding, most rapidly since 1923 and the Somalia affair. There is a distinct fear of failure in most trade and battle schools—not on the part of the students but among the instructors. Failure rates have been declining as more and more recruits are passed to meet quotas, mostly untrained. It must be recognized that some people will, and must, fail. Now, more often than not, pressure on the candidates is lessened until recruits feel themselves able to pass. This is completely unacceptable in an organization that demands life-and-death decisions to be made under extreme physical and mental stress. Instructors should pass only those whom they would trust with their lives, as it may militarily come to that.

There should also be greater pressure and more tests dealing with creative problem-solving. The goal should be high-quality soldiers, not a 100-per-cent pass rate. Harder courses make for better recruits, and the recruits will have a much higher sense of pride and accomplishment. Bringing back the Airborne Regiment, or something similar, would be a huge step in restoring morale. Units are built on professionalism and pride—just what the Canadian Forces need right now. It would also be a gesture of faith made by the government to the Forces. It would show trust, which is sorely lacking at this point. The lack of trust is shown in soldiers' faces almost from the moment they join.

Our soldiers also need the proper tools for the job. Lacking the relative goal of every defence minister since before Paul Hellyer in the 1960s, better equipment procurement is a necessity. As well, the system needs to be more transparent, and open. Numerous contracts have been awarded not on the quality of the bid, but the clout of the MP in whose riding the company resides. Our defence budget cannot afford to purchase favours, or kickbacks for politicians.

Finally, let's not forget what the Canadian Armed Forces are. They are not peacekeepers—that is a secondary job—but soldiers, sailors and airmen. They are trained, funded, armed and kept to tight rules, not just national defence. There is always the bright side in their peacekeeping and disaster-assistance roles, as if we are ashamed of what they really are. We should allow them to be proud of what they are. We can do that by being proud of them ourselves. Only then will the military truly regain its pride and its morale.

Patrik Twomey,
Pittsboro, Ont.

Ideally, the goal should be high-quality soldiers, not a 100-per-cent pass rate. Harder courses make for better recruits, and the recruits will have a much higher sense of pride and accomplishment.

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It should also be noted that readers in offshore territories should also be aware of the fact that the publication of this advertisement is subject to the laws of the country of publication. Classified advertisements may not be considered as regular letters or appear in an electronic bulletin board.

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HONDA



Opening NOTES

Edited by
TAMAR
DARIES

Daunted Donovan?

Donovan Bailey takes to the track next week with considerable baggage. The World's Fastest Man faces his two main rivals, American Maurice Greene and Trinidad's Ato Boldon, in a 100-m showdown in New York City on July 21, the marquee event of the Goodwill Games. Bailey lost his world championship to Greene last August, and in October he crushed his Moscow 2000 bid to a light spot in Mississauga, Ont., destroying the car and, while paying \$400 for fueling to import the speediest, during his outage. Since then, his best 100-m time has been 10.07—far off his world record of 9.84. And the man who reigned as a national hero after his Atlanta Olympic triumph in 1996 has recently avoided his top competitors—and reporters. He declined to be interviewed by *American*, but Bailey was not so reticent. The Trinidadian said that while Bailey usually starts the season slowly and then picks up the pace, that has not been the case this year: "From what he's shown," says Boldon, "he's not the Donovan Bailey we've agonized in 1996."

Scott Anderson, a Regina-based physicist who has treated Bailey for seven years, blames the car crash. He says the sprinter



Racing (left) and Greene lost year's the same way

badly bruised his left foot, which restricted the range of motion in his ankle joint. That, in turn, led to an inflamed heel string and a heel in July. Bailey, 30, has used physiotherapy and an adapted training program to try to return to form. As for improving his image, the runner has been named the official "Goodwill Ambassador" to next year's Pan-American Games in Winnipeg, B.C., according to his Web site.

McNab, chief operating officer of the Pan-American Games Committee, his group is paying Bailey nearly \$200,000 for personal and radio appearances and his commitment to run at the event. Goodwill, if it appears, comes at a price.

CAPITAL CONFIDENTIAL

There has been a so-called pact that Cuban President Fidel Castro is about to release the five political prisoners Jose Chelima presented for during the Prime Minister's visit there last May. But that doesn't mean Chelima has slowed his campaign to encourage Washington to lift its 40-year economic embargo on the Communist island. Chelima compared notes on Cuban policy with a sympathetic Pope John Paul II in Rome on May 19. And, more recently, he tried to enlist support from the Rev. Billy Graham, another religious leader with a significant following.

The U.S.-inspired back bite out from his Ottawa residence last month to meet with Chelima. The Prime Minister used the occasion to argue that the American blockade



Chelima, Graham: God and Cuba

was "un-Christian." Perhaps, Chelima suggested, the president, who hails from Charlottesville, N.C., could use his pull with Senator Jesse Helms, the North Carolina Republican who is a staunch supporter of the embargo. Graham, however, was unimpressed. His spokesman told *American*'s that the minister knew to stay away from politics and stick to the Word.

EMPORIUM

The top 10 categories in 1997 for ice-cream consumption, in gallons eaten per person, United States, 5-4; Australia, 4-3; Sweden, 4-2; Canada, 2-4; Italy, 2-4; Netherlands, 2-3; Israel, 2-3; Belgium, 2-3; Britain, 2-3; France, 1-9.

SOURCE: EUROSTAT

The percentage increase between March, 1996, and June, 1998, in the index that measures the number of help-wanted newspaper advertisements, according to Statistics Canada: 48

GOLDFARB POLL

Summer is the most popular season for weddings. And while almost all Canadians feel that being in love is important, those aged 25 to 34 are more likely to be very satisfied with their love lives. They are also the group most likely to wed, or be newlyweds. By percentage of adults

Degree of satisfaction with the amount of love in their lives

	Under age 25	25-34	35-48	50-64	65+
Very satisfied	44	55	47	50	58
Somewhat satisfied	31	30	39	38	37
A little satisfied	17	8	10	7	7
Not satisfied at all	7	6	3	4	2

APRIL 22-23, 1998 (POLLING: 1,188)

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DOUBLE TAKE

Marc Garneau

Marc Garneau has always loved high-tech. The Quebec City native was a crew member on the NASA space shuttle Challenger in 1984, and 14 years later, still works for the Houston-based Johnson Space Center. Garneau, 40, is one of three capsule communicators, in charge of verbal communications with astronauts on shuttle missions—and the first non-American to hold the position. "Without begging too much," says Garneau, "I think I'm a good representative for Canadians."

Garneau became a household name in 1984 as the first Canadian to travel into space. As the payload specialist, conducting science experiments, he and six American crew members traveled 3.5 million kilometers over eight days. He still finds the experience exhilarating. "It is hard to communicate something that is so good and unique," says Garneau, who was released as a military engineer. "What I can't easily be put into words." Five years after that release, he moved to Houston full time.



Now, and in 1984 (top), a unique space experience

The father of a 20-month-old son with his second wife, Pamela Soane, a nurse—she also has two grown children with his first wife, Jacqueline, who died in 1987—Garneau hopes to be chosen for one of the international space station missions that NASA and 11 other countries will begin by the end of the year. "I would love to take part in the interstellar mission," he says. "Just to say that I have been associated with the initial space station." Another first for his space lot.

LENN FISHER

POP MOVIES

Sizzling swordplay

In the midst of a scorching-hot summer movie season comes *The Mask of Zorro*, a romantic adventure starring Anthony Hopkins and Antonio Banderas. Hopkins plays the retired Zorro, who is seeking a younger man to continue his heroic exploits. Banderas portrays Alejandro Murrieta, the bandit transformed into the new sword-swinging Zorro.

Top movies in Canada, based on opening weekend grosses	1. <i>Armageddon</i> (246/2)	\$4,252,700
2. <i>Enter the Dragon</i> (130/2)	\$1,515,600	
3. <i>Mr. Bean</i> (133/1)	\$1,302,600	
4. <i>The Tempest</i> (146/3)	\$1,147,600	
5. <i>The 21st Century</i> (150/1)	\$1,100,600	
6. <i>Die Hard: With a Vengeance</i> (124/4)	\$1,027,600	
7. <i>Bel or Not</i> (126/1)	\$710,600	
8. <i>A Perfect World</i> (122/2)	\$629,600	
9. <i>Don't Say a Word</i> (112/1)	\$524,200	
10. <i>The Ninth Victim</i> (124/2)	\$512,600	

SOURCE: EXHIBITOR NEWS INC.



BEST-SELLERS

FICTION

1. *A Walk to the Sun*, John Grisham (12)
2. *I Know This Much Is True*, Willy Voss (12)
3. *The Secret Garden*, John Galsworthy (12)
4. *Parade*, John Grisham (12)
5. *The Secret Garden*, John Galsworthy (12)
6. *Love and Hate*, Ernest Hemingway (12)
7. *Secret Garden*, John Galsworthy (12)
8. *Parade*, John Grisham (12)
9. *Secret Garden*, John Galsworthy (12)
10. *Parade*, John Grisham (12)
11. *Love and Hate*, Ernest Hemingway (12)
12. *Secret Garden*, John Galsworthy (12)

NONFICTION

1. *The Life of the Sun*, Thomas Cahill (12)
2. *Parade*, John Grisham (12)
3. *The Secret Garden*, John Galsworthy (12)
4. *A Walk to the Sun*, John Grisham (12)
5. *Parade*, John Grisham (12)
6. *Secret Garden*, John Galsworthy (12)
7. *The Secret Garden*, John Galsworthy (12)
8. *Parade*, John Grisham (12)
9. *Secret Garden*, John Galsworthy (12)
10. *Parade*, John Grisham (12)
11. *Love and Hate*, Ernest Hemingway (12)
12. *Secret Garden*, John Galsworthy (12)

Compiled by Brian Johnson

The murderer next door

A true-crime artist, *A Friend of the Family* documents author Alison Snow's obsession with David Snow, a neighbor who turned out to be a murderer and rapist. Snow's then-husband befriended Snow in 1986 as she spent becoming his favorite performer.

In 1992, Snow murdered a Toronto couple, and Snow discovered that she was next.



Passages

MAILED: Former prime minister Brian Mulroney, 59, hockey legends Jean Beliveau, 67, and Maurice Richard, 77, and pioneer brain surgeon Charles George Drake, 78, as companions of the order of Canada in Ottawa, by Guy Gosselin. **Requiem Lullaby:** They are four of 72 Canadians who will be honored at an Order of Canada ceremony this fall at Rideau Hall. Other recipients include award-winning novelist *Carol Shields*, 63, re-elected *Prime Minister Jean Chrétien*, 64, and rock star *Bryan Adams*, 38.



DIED: Author of the *Flare* children's books, *Kay Thompson*, believed to be between 80 and 90 years old, in New York City. The former nightclub singer wrote the popular books in the 1950s.

DIED: Quebec singer and comedian *Jacques Normand*, 76, of cancer, in Montreal.

HONORED: Canadian film director *Norman Jewison*, 71, with the Hollywood Outstanding Achievement in Directing Award, to be presented at the Hollywood Film Festival on Aug. 10.

ELECTED: *Bill Selig*, 63, as major-league baseball's first commissioner, in Chicago. While Selig, the owner of the Milwaukee Brewers, serves his five-year term, his daughter, *Wendy Selig-Pfeiffer*, 38, will become CEO of the team. Former Toronto Blue Jays president *Paul Bowne* will continue to run the day-to-day operations as chief operating officer.

CONVICTED: *Mikhail Markov*, 19, of murdering *Ernie Goff*, 27, in Santa Monica, Calif. Goff, the son of comedian *Bill Goff*, was shot to death last year on a road in San Jose.

REIGNED: Editor of *The New Yorker*, *Steve Allen*, 44, in New York City. Brown transformed the highbrow magazine into a trendy one during her 30 years, but it was a chronic money-loser. She will now head up an entertainment and publishing venture with Miramax Films.

SENTENCED: Former Italian prime minister and the country's wealthiest tycoon, *Silvio Berlusconi*, 62, to 18 months in jail for bribing tax inspectors, in Milan.

Turning the tide

BY JOHN DeMONT

David Anderson went fly fishing last week. Under the circumstances, it seemed an act of monumental self-control. B.C. Premier Glen Clark had, after all, gone to Washington, where he supported, most emphatically, that the federal fisheries minister is a traitor—and that the salmon deal his department had negotiated with Washington state was a sellout. All along the B.C. coastline, Canadian fishermen were muttering about how Anderson's "save-the-fish" approach to his job has translated into the death knell for their communities. Meanwhile, negotiations with Alaska to protect endangered stocks of coho salmon in sea trout waters were collapsing. But that did not prevent the man in the middle of the storm from heading for the Betsiepoche River in New Brunswick for two days. He did monitor the political mayhem by cell phone. But mostly he mood himself deep in the stunningly beautiful river cutting—unusually—fully for salmon. "Moving water gives you a sense of awe," he mused. "You look at that fish, realize everything it has gone through and say, 'There's one that has made it.'"

It was a dash of wilder remoteness from the linky, bearded, former environmental consultant, Anderson will never match the brash Clark quote for a week. But he will be judged on his politics not his poetry. A week after Anderson negotiated the short-term salmon conservation deal with Washington state, talks with the Alaskan government—which strongly disagrees with Canadian scientific reports that the northern salmon are making red-brick down river Ottawa (based on strict conservation measures). But Anderson will let the unfavourable impression that, while success on the international front was a mixed bag, his willingness to break with the department of Fisheries and Oceans' past practice of shoring jobs over conservation is at least some points in British Columbia. And that alone is an accomplishment for a man who carried the troublesome portfolio being low expectations, and especially began restructuring fisheries on the East and West coasts, throwing fishermen out of work and devastating coastal communities.

In his second straight summer of B.C. Ottawa's search for war over fish, Anderson is hoping that his reasonableness will prevail over the bellows of Clark. The underdog logic of the "fish-first" policy seems to be catching on with environmentalists, newspaper columnists and even non-experts who increasingly support his argument that fishing any species to extinction is environmental genocide and economic folly. For now, at least, Anderson passes for political chic. A recent Angus Reid poll showed that the vast majority of British Columbians support his decision last month to effectively shut down the province's fragile coho fishery because the fish are endangered. The July 2 poll with Washington—under which the state agreed to limit its catch of sockeye bound for the Fraser River to 25 per cent, and re-



Anderson in New Brunswick: 'conservation, conservation, conservation'

strict its fishing period—may have left the Clark government and fishermen's groups apoplectic. But it also swelled the ranks of Anderson converts among the broader population. "It's winning the war for popular opinion," admits Vancouver's radio show host Mike Mage, an Anderson critic who now voices some grudging respect, "and I think justifiably."

The failure to get the Alaskans to concede puts some of that newfound sheen at risk. For one thing, Clark just keeps reaping what he sows. Last week, he told state department officials in Washington that his province will "aggressively" pursue its goal of closing a U.S. navy torpedo testing range off Vancouver Island to protect Alaskan overfishing. "People are pushed to the brink in British Columbia," he told a news conference. "Canada has completely sold out British Columbia's interests in Pacific salmon."

Those are worrisome words to Anderson and Canadian officials, who fear that talk that—along with anger over Alaska's refusal to limit coho fishing—could lead to a repeat of the dramatic strikes that occurred last August when protesting Canadian fishermen blockaded an American ferry for three days. Ottawa cautions, noting that Clark is way behind in the polls, say he is using the threat of closing the range as a transparent bid to distract attention from the province's sagging resource-based economy—and carry over with his primary political advance of uncutted fishery and forestry workers. "Clark is acting dangerously and irresponsibly," charged one of Anderson's advisers.

If the polls shows and newspaper letter pages are any indication,



Salmon blockade during fishermen's protest at B.C. legislature: discouraging a sellout

fewer and fewer ordinary British Columbians seem to be buying Clark's message. Public opinion towards Clark ranges from lukewarm to hostile as far as the tough talk on salmon is concerned. "Premier protests on while the Americans and Ottawa make real progress in saving salmon stocks" was the Vancouver Star's headline on the Washington state agreement. Clark's vulnerability is easily explained: critics say the provincial government has a dismal record in areas where it has jurisdiction to actually help restore salmon stocks. Provincial cutbacks have closely slashed millions of dollars from the budget for policing jobs, while forestry practices cause increased sand runoff into spawning rivers, with disastrous effects on salmon reproduction rates. And environmentalists allege that Victoria has obstructed every effort Ottawa makes towards reducing the West Coast salmon fleets, a key element of any lasting conservation effort.

All of which makes it hard for the province to legitimately criticize the federal government. Last month, Ottawa pledged \$400 million to buy back fishing licences, trim overexploited fisheries and restore fish habitat. That West Coast salmon recovery program,

and personal. Clark alleges that Anderson has sold B.C. fishermen out to the Americans. Anderson says the B.C. premier is a mouthpiece for the leaders of the provincial fishing organizations. Throughout, Anderson sticks to playing the plaiding, earnest tones of the fish, avoiding the bait of Clark's most outrageously hostile remarks. "Anderson has the courage to make the tough decisions," stresses Patricia Gallagher, director of Super Procter University's science and conservation studies department. "For a politician that is not an easy thing to do."

Can it last? Breaking the stalemate with Alaska is critical. Canadian anger over alleged U.S. overfishing was the flash point for the blockade by Canadian fishermen of the American ferry in Prince Rupert—a confrontation Anderson does not want to see repeated. "Clark," he says, "does not seem to understand that co-operation and negotiation are the only ways to deal with the United States and to prevent the kind of Subcom as they might sound, for Anderson, those are fighting words."

With CHRIS WOOD in Vancouver

along with the push for new conservation agreements with the Americans, stand as two of the cornerstones of Anderson's approach. But the hardest decisions he has had to make on the job have been closing fisheries.

In that regard the ministers—who on the day of his swearing in said his policies would be "science-based, conservation, conservation"—have broken with the traditions established by so many of his predecessors. When department scientists discovered that stocks of northern cod off Newfoundland had fallen to dangerously low levels in the 1980s, they warned ministers to make dramatic cuts in catch quotas—or risk wiping out the cod altogether. Yet John Squires and Bernard Valcourt, who both held the post in Brian Mulroney's government, were only willing to inch catch quotas back slightly. The tough decisions were left to their fellow Tory, Newfoundland's John Crosbie, who, in 1992, finally shut the East Coast cod fishery altogether. "I've often in the past been proud to look priority over politics and scientific advice," he contends.

Anderson says that will never happen on his watch. His environmentalist bent may be politically astute, but it is also rooted in his own background. An environmentalist and under the former B.C. Liberal leader also looked for a major repair on the 1980s Exxon Valdez disaster while working as an environmental consultant. Since taking over the federal job 13 months ago, he has shut the Labrador commercial salmon fishery, insisted calls to fully reopen the East Coast northern cod fishery, and forced himself downriver in Prince Edward to lead after his department increased the minimum size for landed lobsters—all in the name of conserving stocks.

But his toughest test is in his home province, where he is the Christian government's chief political strategist. The spitting match between British Columbia and Ottawa has been only one of the many battles Anderson has fought out to the Americans. Anderson says the B.C. premier is a mouthpiece for the leaders of the provincial fishing organizations. Throughout, Anderson sticks to playing the plaiding, earnest tones of the fish, avoiding the bait of Clark's most outrageously hostile remarks. "Anderson has the courage to make the tough decisions," stresses Patricia Gallagher, director of Super Procter University's science and conservation studies department. "For a politician that is not an easy thing to do."

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THE MIRAMICHI

CANADA FROM River of contention

Vincent Swamy, an outfitter and guide with 40 years' experience on New Brunswick's famed Miramichi River, looks pleased. A client from New Jersey has just called to confirm that he will be arriving in the fall for a full week of fishing. "There you go," he says after hanging up the phone. "Maybe world is finally getting round that things aren't so bad." For Swamy and his colleagues on the Miramichi system—home to some of the world's best salmon flyfishing—such calls have been all too rare this summer. Along the glacially carved river that for decades has acted as a magnet for well-heeled fishermen—

Falling stocks imperil a \$20-million industry

including former Boston Red Sox great Ted Williams—legions of U.S. test pilot Chuck Yeager and actor Robert De Niro—many sport-fishing operators are reporting early season bookings down between 25 and 50 percent from last year. It is a trend that threatens to put a serious dent in a \$20-million industry. The reason: many Atlantic anglers, the lifeblood of the Miramichi economy, have been scared away by reports of a depleted salmon fishery. Bad news, Swamy finds, travels fast. "They knew salmon as quickly as New York and Boston were going on as we do here on the river," he says. Just as galling as the dollar losses in the sector, widely held among Miramichi guides, outfitters and lodge owners, that

they are the victims of bad press. They say their businesses have been badly harmed by recent publicity over an alarming decline in the world's Atlantic salmon stocks. The decline has prompted the federal department of fisheries and oceans to cut fishing quotas on the river by half this spring. Anglers are now limited to keeping one salmon per day rather than two, and hooking and releasing another. The Miramichi guides say they have little problem with the catch reduction since few of their clients are interested in keeping this any more. But they balk at the new limits on hook-and-release, a practice they view as a sound conservation measure.

There is no doubt that the Atlantic salmon industry over the past two decades, the fish population off the North America coast has dropped by more than one million. Some of the largest declines ever occurred in 1997—and on just about every river that empties into the Atlantic, including the Miramichi. There is no clear consensus as to why the salmon are disappearing, but among the most commonly cited culprits are exploding sea populations, changing ocean temperatures and commercial overfishing, especially at sea. In response, Canada closed its last remaining commercial fishery off Labrador this spring. Then, in June, Greenland—which once harvested nearly a million salmon a year—

Mile at Old River Lodge, some of the world's best salmon fly-fishing

baned to international pressure and banned commercial salmon fishing.

Such actions are almost universally applauded by residents along the Miramichi. They question, though, how the recent fishing limits imposed on their river will further the cause of conservation. They point out that commercial fishing has been banned since the early 1960s and that, while stocks are in decline in the river, they remain healthier than in many other areas. As Swamy puts it, "They tell us the problem with the salmon are in the ocean, and yet they are stacking the evidence in the river to deal with it."

These concerns are echoed by Arnold Boer, director of fish and wildlife for the province of New Brunswick, who says that Ottawa's latest quotas for the Miramichi "amounted to a real quick backslide reaction. The outfitters have suffered greatly because of the bad publicity." Dave Dunn, chief of recreational fisheries for the federal fisheries department, counters that the decline in Miramichi stocks is very real—for example, the number of large, spawning salmon returning to the river has dropped from 30,000 in 1995 to 18,000 in 1997. The message Ottawa wants to send out, he adds, is, "there's reason for concern and we're asking for cutbacks from all parties." Dunn defends the hook-and-release reduction on the grounds that fish never hooked have a higher chance of survival, but he distances his department from alarmist media reports. Says Dunn, "The point is we have never put out the message that this resource is in crisis on the Miramichi."

Perhaps not. But according to Alex Mills, a veteran outfitter and owner of Old River Lodge near Deslattes, N.B., that is precisely the sort of talk that has reached the ears of the many customers to whom the Miramichi offers. "They come here for the fishing opportunities," says Mills during a recent interview on the front porch of his lodge, as the sun set slowly over Miramichi. "They don't want to sit in the banks because of hook-and-release quotas that do little, if anything, to conserve fish."

Dunn's department is currently conducting a mid-season count of the Miramichi salmon stocks, with results expected this week. If the fish numbers are up to snuff—as many along the river loudly claim—Dunn says the quotas cut will be reversed. But Mills fears such a decision would come too late to make much difference, at least for this season. "Once the cutbacks are laid, it's hard to go back when you see the river. It's looking like a pretty bleak summer."

BRIAN HERGMAN

CANADA



St. Michael's jury recommendations that affect both schools and the police force

Dissecting a tragedy

The jury rules on the suicide of a choirboy

For 17 days, the Toronto coroner's inquest into the Dec. 13 suicide of 17-year-old Kenneth Au Young had led to depressing testimony. The most wrenching moment was the July 3 appearance of Catherine Au Young. In a hushed voice, she testified that her son, who jumped to his death from a Toronto Catholic District School Board, had never put out the message that this resource is in crisis on the Miramichi.

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Au Young: once a choirboy

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Danner drove her son to his death. "The significant thing is, he didn't jump off the bridge when he left home," she said. "He jumped off when she [Danner] was there."

The school before the trial, said, As Young told him previous about the prank, although he did not tell them he and another boy were responsible. He said Ryth had threatened to call the police if one confessed. "I said to Kenneth, Don't worry, if they call the police I have to be there," Catherine As Young testified. But she wasn't there—and many of the accused guy's 25 classmates distanced were designed to ensure that such a lapse not occur again. Among other things, the jury said that schools in the Toronto Catholic District School Board should be directed to comply with the new policy regarding any disciplinary action at parties, such as in the incident to involve police investigation, and require mandated that teachers should be remained in such policies every year.

But the jury's recommendations also touched on police practices. Police, the report said, should develop guidelines for the actions of off-duty officers, and that if an off-duty officer is injured in a school, "the matter should be cleared with the appropriate supervisor and the events documented." As well, the jury said that police should "focus training programs or expand existing programs dealing with a better understanding of adolescent development."

After the report was brought down, Dwyer told Macdonald that the economist dismisses it as "insignificant"—but that he still thought his actions had been appropriate. He said there was an question that the account would change the way both police and school officials do their jobs, but added "I don't know if that's a good or bad thing. We have to be very careful of the schools not becoming a haven for delinquent behavior. I don't think the message should be sent that it's OK to do what you want inside the school because the principal will be scared to pick up the phone and call the police for help."

As the primary faculty ended, there was an air of relief about the coroner's hearing in downtown Toronto. Dowden, Ryall and Holston begged family members and supporters. "On balance, I think a lot of good things came out of this," Holston said. "I don't think there was anything in the recommendations that is harmful to the school." On Dec. 8, I was proud of my school—and on July 19 I am proud of my school." The An Young's parents claim the coroner acted as a lawful change. "I was without speaking to reporters, they left carrying the this ahead of recommendations that we wished to ensure that other parents could be moved their son."

CASINO DISPUTE

Former News Service premier John Savage, slightly denied allegations that he improperly overrode the province's gaming agency during 1987 negotiations for a proposed casino on the Halifax waterfront. Ralph Pike, the agency's former head, told a legislative committee that Savage was willing to extend \$20 million in concessions to the ITT Sheraton hotel chain, the casino's developer. Pike testified that Savage, who left office last year, was determined that the casino be built and feared that cancellation would embarrass then-Finance Minister Simeon Bowdoin, who had endorsed the project. Savage denounced Pike's report testimony as an "unfounded and vile attack," and said he was "open."

Foresta police charged maternity ward nurse Silke Prosdman, 26, with murder in the death of two-day-old Mustafa Deltaz. The infant was born on June 10 with severe physical abnormalities and was not expected to live, but an autopsy revealed he died from suffocation.

Almost five years after taking office, Prime Minister Jean Chrétien remains highly popular among voters. An Angus Reid poll taken in June for *The Globe and Mail* gave him a 65-per-cent approval rating. Even so, 58 per cent felt Chrétien should step down before the next election.

Conservative Senator Michael Cogger was fined \$3,380 and ordered to perform 120 hours of community service for influence-peddling. The penalty means the Senate could expel Cogger under a constitutional clause that provides for the removal of senators convicted of "a felony or any infamous crime." If so, it would mark the Senate's first such action since Confederation.

Toronto city council voted to issue an apology to the 1989 rape victim known only as Jane Doe, who successfully sued Toronto police for negligence in deliberately failing to warn women that there was a sexual rapist in their downtown neighborhood. An Ontario Court judge has awarded Doe \$225,000 in damages.



"Give us a chance"—that was Defense Minister Art Gagliano's response to the allegations of sexual assault and cover-up in the Canadian Forces. Gagliano told the military's 10-month-old National Investigation Service in looking into a July 13 *Montreal* report that, in 1987, the soldiers at CFB Gagetown in New Brunswick sexually assaulted a mentally impaired woman and that they began laughing at the incident despite two military police investigations.

Alex Laplante, the disgraced former hockey czar, was informed from a Toronto jail after serving six months of his 18-month sentence—that standard prison assignment: Laplante was once the single most powerful figure in North American hockey—founder and first executive director of the NHL Players' Association, the league's top player agent, and a central figure in arranging such international hockey tournaments as the Canada Cup. But on Jan. 6, he paid only in Boston court to three counts of fraud involving players' insurance.

money and paid a fine of \$1 million. The next day, in Toronto, Engleau pleaded guilty to another three-level charge relating to diverting Canada Cup funds from tournament sponsor Libbey, Inc. and others. The former lawyer—Engleau was disbarred after his conviction—will continue at his job as office manager in a Toronto-based mutual firm for the next three to six months.

Under pressure from \$2 billion in lawsuits filed by persons who contracted the pathogen from tainted blood, the Canadian Blood Services (CBS) is considering seeking stronger protection. The proposal does not reflect the Red Cross's current financial situation, society secretary general Pierre Dupuis said. Instead, it is intended to help the century-old charity prepare for an orderly transfer of its blood-system assets to the Canadian Blood Services agency—which takes over the national blood supply in September—while protecting its other operations from legal suit. The Red Cross expects that the sale of its 17 transfusion centres, a national laboratory and its blood distribution network by the new agency will raise about \$180 million. The money would be used to compensate donors, victims and their families.

Reaction to the society's move was mixed. Jeremy Beatty, president of the Hapkins C Society of Canada, said he sympathized with the aim of maintaining the Red Cross's relief work—such as providing aid during natural catastrophes—but thought it was “odious” to restrict liability for manslaughter to \$100 million. One of the lawyers involved in the lawsuits, though, said the move might be beneficial in speeding litigation. While \$100 million will not go far, Douglas Elliott said, “the reality is that you’re not going to get blood from a stone.”

Present in Lagos:
the violence
just on the eve
of a trial was



his release—"it's highly questionable," said Ottens-based Nigeria Affairs consultant Robert Henderson, who has lived in Nigeria. Three apparent assassinations in the immediate aftermath of Abacha's death have never even been cataloged by Western sources. "Obviously Abacha allowed an international cadre of scientists, including Ontario coroner James Young, to conduct an autopsy on Abacha. On Saturday the pathologists said there 'preliminary opinion,' based on the observations of witnesses, was that Abacha died of natural causes. Body tissue samples from Abacha were to be flown to Britain and Canada for further testing."

Laborious alone, however, will not stem a crisis that could either level a new era of freedom or push the ethnically riven nation into a civil war that could destabilize the region. "You've heard of Rwanda? I hope that doesn't happen," said chief Counselor Adedapo, Canadian representative of the Nigerian Democratic Coalition, an unclearly opposing group.

Ottens, Wines said the democracy movement won't as a matter of government installed by October as the house election can be held by mid spring. Opposition leaders, who will meet this week to decide who should follow Abacha as leader, appear to be rallying around prominent lawyer Gani Fintona. The international community, however, likely to back a compromise candidate for the interim government: Gen. Abacha, Ottens, a moderate in the military who was recently freed from prison, Abacha's 25-year-old daughter, Hafsa, a Harvard University graduate who has been a competent advocate in the United States for Niger's democracy, does not intend to return to her country at this point. "She has assumed so much custody and care. But she is very angry about Nigeria, and quite young," said Wines, hours before joining Hafsa at a Washington visit on Friday. Hafsa has cared for her four immediate siblings since her mother Kaduna was gunned down in 1986 while on her way to the Canadian High Commission in Lagos, involving a bore the country.

The violent death of Abacha—second among their officials were—typified the brazenly open to a country that has less than 30 years of military rule since its independence from Britain in 1960. The population of 121 million is divided by religion—predominantly Islam in the north, Christianity in the south—and by more than 250 different tribal and ethnic affiliations. Though much of it, the economy is a shambles. Nigeria was rated the most corrupt of 54 nations in a survey by Berlin-based Transparency International. A 1996 audit showed that \$18 billion in oil income had simply vanished.

Southwestern Abacha was himself a millionaire. Born into a poor family, he was educated at the University of Glasgow, and became an accountant. He later headed the African and Middle Eastern operations of the International Telephone and Telegraph Corp. and eventually accumulated a business empire including a chain of newspapers, oil interests and an active force opposition politicians initially discounted the flamboyant, well-connected Abacha due to his frequent business dealings with the military. His first long trip abroad in 1980 ended disastrously when he attempted to enter the leadership of the National Party of Nigeria was rejected by members from the Northern north, who traditionally wield political power. "He thought he could buy power with money," said party chief Uthman Alkhalifa. But Abacha was a convert to Islam, which helped him bridge the north-south divide. He also tried to overcome tribal rivalries and hostilities between rich and poor. "It should not be the only rich man in Nigeria,"

he said in 1992. "I want to spend money like anyone." Washington's first ambassador to Nigeria, Walter Cunningham, says Abacha spoke out in a true democracy during his years in prison. Cunningham spoke out last week against the state department's failure to back Abacha in recent years, a part because of past protesting him to narcotics and money laundering.

Canada, by contrast, has played a lead role in supporting Abacha and the opposition, spending nearly \$2.2 million since 1996 on efforts to promote political change. Foreign Affairs Minister Lloyd Axworthy has consistently argued Ottawa's mission to shape their economic weight against Nigeria's regime, so they did not support apartheid in South Africa. Nigeria was suspended from the Commonwealth after the Sani-Abacha election, but the United States and Britain, which have considerable oil interests in the country, balked when Axworthy pushed for no economic embargo. The Nigerian government fought Canada's position, claiming its high content is about in October 2000, and denying its role in Canadian security personnel, which is torn forced Ottawa to temporarily close its mission in Lagos last year.

Since then, continued Nigerian action in Canada, one of the most has gone out of Canadian efforts. Ottens, Ottens's position is clear: Ottawa's position is clear: national interests, but says he is surprised to have left support it gives to local scientists. "I'm in Canada, but I'm getting support from Finland," he said. Foreign Affairs spokeswoman Jennifer Ledwith said Canada focuses its efforts on the Commonwealth Ministerial Action Group, which plans to reassess Nigeria's position.

Last week, the situation looked bleak. "I came back from hell," said oil engineer Ben Olayinka, whose car was smashed by a mob in the Ojo district of Lagos as chaos between youths and police escalated into mass rioting. "They came out of all directions." The days that followed saw more deaths, mostly in fighting between Yorubas and Hausas, the dominant group from the north. Troops and riot police carried out a Friday night attack against Hausa Muslims believed to be praying. As the violence escalated towards a full war, it evoked memories of Nigeria's 30-month civil conflict in the late 1990s, when the eastern region of Biafra, controlled by the Ibo tribe, attempted to secede. "My fear," said Clement Nwagwu, a human rights lawyer and executive director of the Constitutional Rights Project in Lagos, "is that the reports of tribal fighting could trigger a national bloodbath which no one can stop."

Others cited the specter of Nigeria breaking up. On the streets of Lagos and southern cities last week there were calls for the Yoruba tribe to secede. Abacha's death considered an option in 1994, that considered the possibility of Nigeria's future of the country is not of the country, because the northern tribes control the powerful military while the oil is in the south. "They are completely different societies and cultures—so different as Greece and Finland," he said. "But the north would never let go of oil money." In advance of Abacha's second trial scheduled, some analysts felt the crisis could produce a new political culture to help end the country's power imbalance. "With Abacha and Abacha now dead, we may have let off the shackles which bound us for five years," said journalist Emeka Swann. How the junta responds in coming days may determine whether the country moves towards real democracy or sinks into worsening violence.

Rick FRANK/AGENCE/IN Lagos

FACT SHEET: NIGERIA

Population: 121 million
Area: 924,000 square kilometers, similar to British Columbia



- Official language: English
- Religion: Muslims, 50%, Christian, 40%, animist, 10%
- Average income per person: \$380
- Adult literacy: 56%
- Foreign debt: 140% of GNP
- Total Canadian aid: \$166.96 million 1997: none (due to sanctions)
- Canadian exports from Nigeria, 1997: \$521 million, mainly crude oil
- Canadian exports to Nigeria, 1997: \$72 million, including electrical switches and wheat

Suspicion and fury

Nigeria erupts over a politician's sudden death

BY NOME MORRIS

One of Moshab Abacha's middle sons was Reinforced, which in the Yoruba language of his native southwest Nigeria means, "far from justice." His parents, who had lost several infant children before his birth, chose the name as an expression of patience and hope. For Abacha, the imprisoned opposition leader who died suddenly last week, justice was a distant reality. Abacha had been in solitary confinement much of the time since 1994, when he declared himself president a year after winning broad support in a long-awaited election. The death on June 8 of military strongman Gen. Sani Abacha, who jailed Abacha, had brought the promise of a democratic release and renewed prospects for democratic change. But last week, the man who came to personally hope for the future, began to cough and complain of pain and hot flashes during a meeting with visiting U.S. delegates. Less than two hours later, Abacha died in hospital. Supporters who had already gathered at his home to attend a tripartite meeting were told confused in preparation for a funeral. Suddenly, there was no more justice. In the streets, Nigerians erupted in grief—and fury. "You who killed Abacha must pay for what you've done," yelled

protesters in Lagos, where riots erupted within hours and claimed more than 80 lives by week's end. "There is hopelessness and anger," said Gwens Wines, brother of writer Ken Sani Wines, one of nine human rights activists from the Ogoni tribe executed by Abacha in November, 1998. "Even if they show Abacha died of natural causes, no matter how you look at it, he was killed because they denied him access to care." Wines, who now lives in Toronto, told Morris: "It is not one hour to be very aggressive and continue to order to get out of this case."

Managing the mess falls to military-aided ruler Gen. Abdulsalam Abubakar, who took over after Abacha's death. He has sought to reassure Western leaders that he is committed to creating a democratic civilian government. He released 36 of 250 political prisoners in advance of an election that had been slated for August, but that election will now surely be postponed. Last week, Abacha dissolved the cabinet, leaving the hardline military cabinet in control. He was expected to address his people this week on how he saw the country's political future.

For Nigerians, it seemed to stretch credibility that the two key power brokers in Abacha's most populous nation both died of apparent heart attacks within a month. "The fact that Abacha died on the eve of

PHOTO BY AP/WIDEWORLD



WORLD UNITED STATES

Mismanaged care

Paul Raskin admits it's been observed. "I'm careful not to keep fighting," he says. "Sometimes I wish I could stop." For a few hours every week for almost three years, through six winter days and the twenty heat of a Maryland summer, Raskin, 53, has paced outside a hospital run by the health insurance company he believes has wronged his wife's medical care, leaving her with permanently impaired vision. "Kaiser misdiagnosed my wife's brain tumor for four years—why?" reads the yellow placard he carries.

It has been a lonely fight. The campaign, Kaiser Permanente, is one of the biggest private health insurers in the United States, and it denies that a misdiagnosed care for Raskin's wife of 33 years, Jill, "its David against Goliath," he says as she marches up and down. These days, though, Raskin's complaints are being echoed across the land. Americans are increasingly angry about the restrictions on medical treatment imposed by so-called managed-care organizations. The Kaiser Crucial decisions about health care, goes the company refrain, are being taken out of the hands of doctors and turned over to insurance company accountants. Philanthropists, they say, tend to November's midtown elections, have jumped on the same. Democrats and Republicans alike are pushing legislation to enforce "patients' rights" against hard-hearted insurers. In one TV

ad that runs up the new month, a Democratic candidate for governor of Georgia, Roy Barnes, fires off this line: "If you can choose who chooses the bill in your case, you should be able to choose who delivers your baby."

The last fine health care topped the U.S. political agenda was 1993, when President Bill Clinton proposed a massive program to give more Americans access to medical insurance. Health costs were soaring and millions of Americans could not afford care. The insurance industry successfully portrayed self-called Clinton as a takeover by government bureaucrats to take choice away from patients.

A \$20-million industry ad campaign featuring Harry and Louise, a fictional middle-class couple, aired these messages: "They choose," teased Harry, and Louise responded: "We lose." Clinton died in 1994.

This year's version of Harry and Louise is Carol, the waitress portrayed by actress Helen Hunt in the movie *As Good as It Gets*. Carol's husband suffers from autism, and when she learns that her health insurance organization, or HMO, has denied her proper care, she lets loose a string of epithets that had U.S. movie audiences cheering. Politicians quaked, and acted accordingly. Clinton announced his support

for a patients' rights bill in his state of the union address last January. Republicans, traditionally skeptical of government flotsam and reliant on campaign funds from the health industry, were slower to react. But in late June, they too, took up the cause. Both parties support private policies more information about their health plans, greater ability to appeal when they are denied care, and guaranteed access to emergency rooms. The Democrats, though, would go further, and allow patients to sue health plans for improperly denying their treatment.

What changed between 1993 and now? Even though Clinton's plan was defeated, the reasons that inspired it remained. Health costs were rising far faster than inflation. They ate up more than 13 per cent of the U.S. economy in 1992, and Washington forecast a rise to 18 per cent by 2000. Employers, who pay most of the cost of Americans' medical care, were determined to reverse the trend. They transferred more and more of their employees from traditional coverage, where doctors simply bill insurance companies for treatment, to managed care HMOs, which usually receive a fixed annual fee for each patient they cover. However, patients often must go to doctors chosen by the insurance company, and there are far stricter rules on what kind of treatment is allowed. Some 160 million Americans are now covered by managed care, compared with just 50 million as recently as 1990.

The move worked. In 1996, the growth in health-care spending hit a 27-year low. U.S. doctors' earnings stagnated, at an average of \$288,000 a year. Health care still consumes about 15 per cent of U.S. economic output—far higher than the 9.4 per cent in Canada and the highest in the industrialized world, but considerably lower than had been projected. But the human cost mounted. Middle-class families who once feared that government bureaucrats might micro-manage their health care were now finding that insurance company bureaucrats were doing the same thing. "HMO horror stories" became a staple of political discourse.

Robert Raskin, a health-care activist in Washington, has compiled more than 200 such cases. They include a 60-year-old woman who was discharged from hospital four days after receiving a heart transplant because her HMO denied her pay for addi-

tional hospital care, he soon died. An HMO in Atlanta told a mother to take her six-month-old son with a high fever to one of its clinics 60 km away rather than to a closer hospital; by the time he arrived, he was in cardiac arrest. And a newborn baby in New York City died after he was discharged from hospital after the day diagnosed by his parents. HMO—never though his mother voiced concern about his health.

Paul Raskin's tale is another. He says his wife, who is 54, went to the doctor as signed to her by Kaiser Permanente in 1987 after an ophthalmologist became concerned about pressure building in her eye. She was diagnosed with glaucoma, and was treated with eye drops for four years. Eventually as her vision deteriorated, Jil Raskin sought treatment elsewhere and a new doctor used a CAT scan to discover that she had a slow-growing brain tumor in her brain. It was removed in 1993. She recovered sufficiently to continue her job as an accountant in a nursing home in suburban Washington, but suffers from impaired vision. Paul Raskin believes that Kaiser failed to perform a CAT scan or refer Jil to other specialists because its doctors are given financial incentives to limit treatment—something the company denies. He got someone in trouble to get a settlement out of Kaiser, as he began juggling. "They'll never see the end of this case," he vows.

The story is that many health-care reformers have advocated managed care as a way of improving Americans' health. In about a quarter of doctors only when they switch on such people, with the impression, managed-care companies have an incentive to keep their patients healthy through prevention programs. Even the anti-HMO diatribe in *As Good as It Gets*, though entertaining, may be misleading. HMOs have actually pioneered programs to keep children and adults under constant care. And independent experts rate Kaiser Permanente as one of the best HMOs.

But the populist appeal of attacking mismanaged care is irresistible for many politicians. Clinton's 1993 health-care plan focused on the 57 million Americans who had no medical insurance. That number has jumped to 41 million since then, but the anti-HMO campaign targets the interests of the middle-class majority who have insurance, but worry they may still be denied the care they need. "This is an everyday issue," says Democratic political consultant Doc Switzer, who has criticized TV ads for congressional candidates seeing it was in November by buying insurance companies. The industry, though, is not taking it lying down. In the American political system, its response has been quick: a multi-million-dollar TV campaign of its own. □

Raskin, growing concern about restrictions on treatment

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A cautionary tale

PERSONAL FINANCE

Real estate trusts take a price tumble

BY KIMBERLEY NOBLE

Anybody whose recovery predicts 1992 will recognize the signs. As investors of too good to pass up. An opportunity to salt away away is something that is touted as more lucrative and more secure than anything else on the market. A chance to put one's personal fortunes in the hands of some of the best investors in the country. The latest in a long list of real estate products is the real estate investment trust, a mutual fund-like entity that springs up, multiplies like, in the wake of the commercial property recovery. REITs, as they are known, were the hottest investment product to hit the bull markets in recent years, accounting for \$5.5 billion of the \$14 billion Canadians have poured into income trusts since 1989. Until recently, REITs appeared to offer small investors everything: a stake in some of the best apartment buildings, shopping malls and office towers in the country; experienced management; liquidity and better returns than they could get anywhere else; all available in one make-or-buy package.

Predictably, it looks as though it was all too good to be true. The market has swung on new REIT issues. Then came, prices for existing trusts are falling. Two of the leading REIT indices, published by Bloomberg and CIBC Wood Gundy show that the market for the trusts, which are sold and traded like shares on public stock exchanges, tumbled last in February. According to the CIBC Wood Gundy index, the REIT market as a whole had fallen 5 per cent by the end of June compared with last winter's peak.

A closer look at individual trusts moreover, shows that the value of the leading Canadian REITs has plummeted. The average is buoyed by the presence of CH Limited, Terra Cove Real Estate Investment Trust, the Central Park Lodging chain of earning houses owned by Toronto's Rockway family. CH, which is viewed as one of the operating business that is a true REIT, outperformed the rest of the market because of the rowy outlook for nursing homes.

The rest of the REIT pack, with one or two exceptions, has lost considerable ground. Assets, which Canada Life Assurance Corp. has a large stake in, is off its peak and its share price has fallen 20 per cent since its peak in January. Royal Bank, which owns a chain of exclusive hotels managed by Colony-based Regency Hotels & Resorts, fell even further, losing almost 30 per cent.

But nothing underlines the end of the business more than the fortunes of Legacy Hotels Real Estate Investment Fund, the REIT spun off by Canadian Pacific Hotels last October. CP Hotels raised



Fast as foot of the Royal York: "Generally, we are operating extremely well."

\$600 million by selling units in a trust that now owns the crown of Canada's hotels, including landmarks such as Toronto's Royal York, the Hotel Vancouver and the Chateau Laurier in Ottawa. Legacy's financial results, which are measured by the amount of cash available for distribution to shareholders, were substantially better than CP Hotels forecast in its offering prospectus. Second-quarter results coming out this week are expected to be even stronger, according to W. Brian East, president of Legacy and CP Hotels, which retains a one-third share. "Generally, we are operating extremely well," East says, predicting further gains when Legacy absorbs additional assets, including some of the plans acquired when CP bought Delta Hotels and Resorts in March.

So far so good. The problem is that investors, even those who view

Legacy as one of the best REITs, do not think its success means anything more than that CP Hotels received for them. Trust units, which trade on the Toronto Stock Exchange, have shed 11 per cent of their value this year. Related securities, tied to future value, have fallen by 22 per cent.

When it comes to predicting where REITs go from here, the majority of Bay Street—far from income trusts, in the various circumstances, have proved an unshakable hold since the past year—see the REITs as being treated like the same old, same old. The big financial mystery Most real estate investment analysts, who have a habit of looking safely at numbers at the first rumble of

while controlling to see whatever happens they have said usually for hefty management fees. Moreover, they pay lower taxes, because the trusts pay all income—including most of all of their tax-free depreciation allowance, the money they would normally be reinvesting in their business—to outside investors. On the other hand, it means the companies are giving away the money that they are meant to retain, to replace whatever gets used up or run down in their business. The problem, says Richard Ransell, president of Richard Ransell of Ransell Asset Management, is that of REITs, to label them "all-inclusive entities"—the financial equivalent of keeping the fire going by burning the furniture.

At first, the price of REITs was slow, partly because investors worried about their potential legal liability. This reluctance changed when interest rates bottomed out in 1986 and 1987. Conservative investors who did not want to risk their capital in the stock market—then looked largely early at the gains being made in equities—flocked to REITs instead. The theoretical chance that they could someday be held responsible for the trust's debts seemed to pale in comparison with the money that could be made. "This was largely yield-driven," says analyst Barry Ransell of Ransell Asset Management, referring to the fact that a year ago, REITs were paying, on average, 2.5 percentage points more than government bonds. Along with tax-efficient cash distributions, he adds, unshakable also expected the value of their investments to increase as the trust grew.

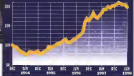
What is happening in the REIT market, Ransell says, shows that the smart money has decided the trusts have come to such growth as they are going to use conventional methods. The real estate market is approaching the peak of its recovery cycle. Ransell's firm has already gobbled up just about every available asset in the country. For an income, they are going to have to spend more money, and assume greater risk. Managers are faced with a choice of watching distributable income drop, or branching out into a new line of business. Some are choosing to become real estate developers, while others are becoming landlords. H&M, an industrial REIT based in Toronto, has started to provide construction financing in exchange for interest payments and an option to buy completed properties. CP Hotels' Legacy helped its parent finance the Delta hotel purchase under a similar arrangement.

As in the case with bonds, the perception that risk is as the market moves the prices for the underlying security will continue to drop and investors are entitled to drop the potential rewards. Ransell's figures show REITs were paying their investors 4.2 per cent more than government bonds at the end of last year, a 70-per-cent increase from a year ago. Ransell, the money manager, warns that whatever happens, the brunt of the downside will be borne by investors, who will have no recourse should REITs run out of distributable cash, or even worse, reach the point where their assets are worth less than their debt. "This is a very equity-like product that seems to have been sold to the public on a bond-like product," he says. "Canadians don't like bond bonds. But at least some bonds carry the obligation to pay the investor."

The implication that REIT investors could be badly burned might seem far-fetched. Then again, as recently as February, nobody thought prices could fall as much as 30 per cent. □

Reversal of fortunes

REITs have fallen 5.5 per cent since their peak



a falling market, claim not to understand why prices are so low. The consensus is that it is a temporary setback, fueled, for example, to perpetuate when the market for new REITs peaked. CP Hotels' Fast says it happened around the time his company went public last fall, Mark Hoagwood, associate director of equity trading for Scotia Capital Markets, says "Today."

Canadian REITs, usually modelled on U.S. investment trusts, rose from the ashes of the commercial real estate meltdown in the early 1980s. Around 1990, companies that survived the recession with property portfolios not heavily skewed to core assets started bundling them into income trusts and selling units to outside investors. Rolling assets into a trust allows these firms to free up cash

A top ad exec thinks Canadian, acts globally



Straghan as Michael Jensen reflects

Pitching the world

BY ANTHONY WILSON-SMITH

As he contemplated life from his sixth floor office on New York City's faded Madison Avenue one recent Wednesday morning, Peter Straghan could not decide whether he was coming or going: between home and various assignments—or, in fact, doing all of the above. On the Monday that week, Straghan awoke in the Toronto house where the rest of his family still resided, and took an early plane to New York to the job he has held since last December as chairman and chief executive officer of North American operations of the giant Young & Rubicam advertising agency. After a night in his tiny apartment on Man-

hattan's East Side, he took an overnight trip to Chicago to see a client. Then, he returned to New York, where he would spend the day before flying to San Francisco for another meeting. Finally, on that Friday night, the 49-year-old Straghan would fly back to Toronto. "There are days," he said with a sigh, "when I honestly don't know what city I'm in when I first wake up."

For close to seven months, Straghan's life has been a whirlwind of travel, change, new faces and challenges as he oversees the fortunes of the North American division of one of the world's five largest ad agencies, with 3,000 employees and annual billings of \$5.9 billion. Globally, Y&R had 17,000 employees and billings of \$19 billion in 1997. This new job, in fact, is

one that Peter Georgescu, CEO of the ad agency's parent company of the same name, created specifically for Straghan after consultation with other senior Y&R executives. "This was not a case of putting a square peg in the matching hole," says Georgescu. "We saw Peter as a world-class talent, and we wanted to build him a position to match." And, Georgescu adds, "This won't be his last major position with us."

The pressures can be heavy—as evidenced by a painfully hurried due in his back that the deceptively laid-back Straghan acknowledges is due to stress. Y&R's client list includes some of the world's largest corporations, such as AT&T Corp., Ford Motor Co., United Airlines, Philip Morris Companies Inc. and Campbell Soup

Automotive Marketplace

SHOULD I BUY A NEW OR A NEARLY NEW VEHICLE?

Dennis DesRosiers



To properly answer the question of whether to buy new, or "nearly new," we first have to understand current dealer economic dynamics.

Virtually every advertisement selling new vehicles mentions leasing a new vehicle

rather than buying a new vehicle with a loan or cash. Leasing now accounts for close to 50 per cent of all new vehicle purchases. One of the advantages of leasing for consumers is they can "walk away" from the vehicle at the end of the lease.

In these times the vehicle companies or their dealers have to sell the returned vehicle in the used vehicle market. Since leasing has exploded over the last five years, the number of off-lease used vehicles has also expanded. The viability of the used car market has become critical to the profitability of vehicle manufacturers and their dealers. In response, the vehicle companies have launched numerous Used Vehicle Certification Programs and consumers are faced with added complexity with their purchase decision: Do I acquire a new or a used vehicle?

Traditionally the market had segmented itself nicely into three groups: (1) Consumers who were only comfortable buying a new vehicle; (2) Those who bought a younger used vehicle; and (3) those who bought an older used vehicle. Off-lease vehicles have created a new market niche which I call nearly new vehicles.

These vehicles are one to four years old, still have

most of the manufacturer's warranty remaining and because of their age, feature the latest design and technology offered by the industry. Many of the hottest vehicles in the marketplace, such as Sport Utility Vehicles (SUVs), are now available in the nearly new market. The emergence of the nearly new market has also altered traditional consumer attitudes towards used vehicles.

In the past, when a consumer bought a used vehicle there was a good chance they were buying someone else's "problem." Not with a certified used vehicle. For example I recently reviewed the "Ford Quality Certified" program and noted a number of consumer benefits including:

- a 100-point vehicle inspection
- vehicles without: frame damage, questionable mileage, or body modifications
- a 12-month/25,000-km limited warranty tacked on to the original manufacturer's warranty
- 24-hour roadside assistance
- a three-day/500-km money-back guarantee
- special programs to help finance the vehicle

Such vehicles are definitely not someone else's problem that dealers are trying to get rid of. They are the cream of the crop of the one- to four-year-old product in the marketplace. But are they a good deal for consumers? A quick glance at any weekend paper indicates these vehi-

cles can be quite expensive.

There are a number of elements to the higher price. First, all the elements of a Certification Program add cost to the vehicle. Second, only the "best of the best" vehicles qualify to be certified and they naturally are more expensive. Third, vehicles do not depreciate as quickly today as they did in the past. The average vehicle now lasts close to 240,000 kms, whereas 15 years ago it only lasted 160,000 kms. Remember the old saying, "a vehicle loses half its value as soon as you drive it off the dealers lot." Well that is not true anymore. Modern vehicles use advanced materials, the latest in new technology and are of such high quality that they hold their value very well. The average depreciation of a new vehicle is only about 10 to 12 per cent per year. So these "nearly new" vehicles

are worth 80 to 85 per cent of their original Manufacturer's Suggested Retail Price when they are put up for sale in the used vehicle market.

I have a simple way to determine whether you are getting a deal on one of these vehicles. Consumers should take the view that they are simply buying access to kilometres with their vehicle purchase. The average vehicle now lasts about 240,000 kilometres with an average price of \$25,000 per vehicle. A new vehicle therefore costs consumers about 11 to 12 cents per kilometre of potential use.

The same calculation can be used to determine the value of a nearly new vehicle. Simply divide the price by 240,000 kilometres minus the odometer reading. For instance, a three-year-old vehicle selling for \$20,000 with 80,000 kilometres on the odometer costs about 14

cents per potential kilometre of use (\$20,000 - (240,000 - 80,000)). Not a very good deal for a three-year-old vehicle when a new vehicle is only 11 cents per potential kilometre of use. You would expect a vehicle of that age to cost about eight to 10 cents per potential kilometre of use or about \$12,000 - \$13,000. (Note: My formula only works if you compare identical makes and features of new and used vehicles.)

I personally think that new vehicles represent some of the best value for money in the market. Manufacturers are tripping over each other with incentive programs and the product is superb. How can you beat zero per cent financing? But, if you simply cannot afford a new vehicle, then you cannot go wrong with a well-priced one-to-four-year-old used vehicle. Use my formula, it works.

1998 DODGE/PLYMOUTH NEON

In a dull category, Neon outshines them all.

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Confusing? OK, let's start with the myth that first-time car buyers look for a car that's practical, economical, solid and safe. Nothing wrong with that. Enter Neon. Despite its sporty styling, Neon is extremely high on the scale of practicality, economy, safety and safety. But it also comes with the kind of drive-friendly features you don't expect in a "practical" car.

For starters, Chrysler's revolutionary cab-forward design gives Neon its sleek styling and surprisingly spacious interior. In fact, the Neon Coupe boasts the roomiest interior in its class.

But Neon's drive-friendly features don't stop there. Chrysler engineers designed Neon for the road, giving it a wide, corner-hugging stance, responsive 4-wheel independent suspension and the most powerful engine in its class—delivering the kick of 150 horses. Ladies and gentlemen, start your engines! On a more practical level, the 1998 Neon offers more value than ever. More space. More fuel economy. More safety, including dynamic side impact protection and Chrysler's "next generation" dices and front-passenger air bags. And there are more paid features to choose from like Candy Apple Red, Champagne and Deep Creamery.

Available in Ragdoll, Highlight and Sport, the 1998 Neon, coupe or sedan, gives you the best of both worlds: a practical car that glows in the dark.

For more information on the Neon, please call 1 800 361 3700, or visit our website at www.chryslercanada.ca



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UP TO 48 MONTHS



1998 Dodge Neon
SAVE up to \$3,693



1998 Dodge Neon
SAVE up to \$2,770

OR SEE YOUR CHRYSLER RETAILER FOR FACTORY TO RETAILER DISCOUNTS OF UP TO \$3,000*

Only at your neighbourhood Chrysler retailer.



NEW ENFORCEMENT CODE MAKES CAR BUYING DECISIONS EASIER IN ONTARIO

Robert K. (Bob) Purcell
C.E.O. OnDeMDeM

Car buying decisions in Ontario will become a lot easier for consumers, thanks to a tough new enforcement policy developed by the province's 4,000 automobile dealers.

Ontario's car dealers have adopted new advertising standards that will make all advertising clear and transparent so consumers truly understand what dealers are offering at all times, says Bob Pieve, chief executive officer of the Toronto Automobile Dealers Association.

The Ontario and Toronto associations along with The Used Car Dealers Association of Ontario have been spearheading a campaign to make it illegal to print or broadcast misleading or untrue statements, he adds.



"We had to put an end to meaningless and often misleading messages that appeared daily in newspapers or in broadcasts. A lot of past problems seem to have been due to a lack of knowledge of existing laws and guidelines. We believe the new guidelines are easier for doctors to understand."

"While many of the changes are substantive, it's important to remember that most of our association members already comply with the intent and spirit of the regulations."

"To our knowledge, no other jurisdiction in North America will apply such stringent automobile advertising guidelines. They will be enforced by the Ontario Motor Vehicle Industry Council, a self-regulatory group. If a dealership fails to comply with the regulations, it risks losing its provincial registration."

NO MATTER WHAT MIGHT LAY AHEAD,
YOU'LL HANDLE IT BETTER WITH
SUBARU ALL-WHEEL DRIVE

Subaru is committed to the engineering principle "Active Driving, Active Safety," which means they give you the tools to help you avoid an accident. They start by making Subaru full-time All-Wheel Drive standard on every Subaru. It delivers constant power to the wheels that need it, ensuring outstanding traction and superior control in all driving conditions. So you can go where you want, when you want, with less stress behind the wheel and more confidence on any road.

The Subaru All-Wheel Driving System was designed as a full-line system for passenger vehicle application, the majority of which is on-road use. The Subaru AWD system was part of the vehicle design from inception. Compactness, balance, symmetry, power, durability and fuel efficiency — all were priorities in the development of the Subaru All-Wheel Driving System.

The position of the transmission, transfer case and front differential is a critical issue since these are just as big and heavy as the engine. Heavy components readily affect

of the car's handling. The closer the center of gravity is to the middle of the car, the more accurate the safety and handling performance. For Subaru, these components are located on the inside of the front axle, providing excellent weight distribution due to the compact lightweight and efficient design. The Subaru All-Wheel Drive System continuously monitors transmission torque, front and rear wheel speeds and throttle position, and automatically applies measured amounts of power to both front and rear wheels in all driving conditions. Drivers do not have to manually engage the AWD the way they do with most AWD systems.

Subaru has been the pioneer in AWD passenger cars and has proven the reliability and durability of its system for 25 years.

FOR MORE INFORMATION ON SUBARU ALL-WHEEL DRIVE
AND YOUR OLDEST SUBARU DEALER,
PLEASE CALL 1-800-878-4AWD;
OR VISIT THEIR WEBSITE @ www.subaru.ca

[illegible]

ACCURATE INFORMATION

Bob Pierce says, "the regulations have a number of misleading statements, calling instead for accurate, verifiable information that provides the consumer with the highest possible level of disclosure, presented in plain language" (see discussion below).

"You won't see ads guaranteeing the lowest prices, or even boasting any advertised price, or the best offer in town unless they can be substantiated," he adds.

Among other key measures adopted in the guidelines are:

The word "free" is banned in all advertising, as any transaction connected to an automobile's sale is usually a factor in its price. Therefore, dealers can only say items are included at "no extra charge" — if this is in fact true.

Advertisers must make it clear that prices on any given vehicle do not include such extra costs as industry-specific taxes, freight charges, inspections or administration fees, unless these are spelled out.

Advertising must not lead consumers to believe they are getting a price that is at or below dealers' costs. If this was true, dealers would not make any profits on sales. Such phrases as "at or lower than dealer cost" or "at factory price" cannot be used.

Lease advertising has to go far beyond simply stating the monthly fee. Disclosure must be made on such details as terms, amount and frequency of payment, security deposits and any extra expenses, including sales taxes and insurance.

In offers where consumers are given a choice between low interest rate financing or a cash rebate, ads must clearly

show what the effective interest rate would be if the rebate option is not taken, or the real cost of taking a rebate. For example, if a vehicle is financed at 1.9 per cent, and a \$2,000 rebate is not taken, the effective interest rate is 9.2 per cent.

Pierce believes the new advertising and marketing standards will benefit both consumers and dealers.

"Not only will consumers more fully understand the true cost of purchasing an automobile, they are more likely to show up at a dealership that treats the new standards."

•NO SMALL PRINT.

1998 GRAND CARAVAN SE



FULLY LOADED

POWER LOCKS AND WINDOWS, TINTED WINDOWS, FLOOR MATS, DUAL SLIDING DOORS, AIR CONDITIONING, ETC., ETC.

36 MONTH LEASE

\$299/mo

•\$100 FTR •TAXES •LICENS •\$1000 DOWN •PLUS SECURITY & 1ST MO. PAY •\$1000 CREDIT TO 2000 •\$1000 CREDIT TO 2000 •\$1000 CREDIT TO 2000 •\$1000 CREDIT TO 2000

Car shown must be exactly as described

Total lease amount

Total monthly lease payments including taxes

Value of vehicle obligation (over lease period) expires

Monthly limitation and average costs

Extra costs paid and shown down payment due at lease completion

Down payment required to achieve monthly payment

Usually one month's payment refundable at end of lease

1st lease payment

1st lease payment

1st lease payment

1st lease payment

1st lease payment

Average Auction Prices of Used Vehicles

Light Trucks	12-Month	24-Month	36-Month	48-Month	60-Month
1990 F150	\$10,700	\$10,300	\$10,300	\$10,300	\$10,300
1991 F150	\$10,400	\$10,300	\$10,300	\$10,300	\$10,300
1992 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1993 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1994 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1995 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1996 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1997 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
Passenger Cars	12-Month	24-Month	36-Month	48-Month	60-Month
1990 F150	\$10,700	\$10,300	\$10,300	\$10,300	\$10,300
1991 F150	\$10,400	\$10,300	\$10,300	\$10,300	\$10,300
1992 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1993 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1994 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1995 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1996 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1997 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
All Vehicles	12-Month	24-Month	36-Month	48-Month	60-Month
1990 F150	\$10,700	\$10,300	\$10,300	\$10,300	\$10,300
1991 F150	\$10,400	\$10,300	\$10,300	\$10,300	\$10,300
1992 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1993 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1994 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1995 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1996 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300
1997 F150	\$10,300	\$10,300	\$10,300	\$10,300	\$10,300

Auction prices for used vehicles have increased quite a bit over the last five to seven years. The average price of a two-year-old light truck is now over \$10,000 and a two-year-old passenger car is over \$14,000. Both are up by about 40 per cent compared to five years ago.

S70 Sedan suits Volvo's new image

Volvo has a reputation for producing high-quality, dependable and — above all — safe automobiles. It's an admirable reputation, and one that once kept Volvo's image firmly planted on the practical side.

Then, about two years ago, that image began to evolve. Volvo introduced the graceful C70 Coupe, and followed it with a sharply, more aggressive-looking S70 Sedan.

In doing this, Volvo emphasized what loyal Volvo owners knew all along: that ordinary-looking Volvos concealed sporty handling, powerful brakes and spirited performance beneath their conservatively styled exteriors.

Now, Volvos also look like they're fun to drive.

Volvo is taking a more aggressive stance in the marketplace, as well. Nowhere is this more apparent than in the specially-equipped S70 GTX that Volvo purders call the "value car."

With Volvo Financial Services' remarkably affordable lease and finance arrangements on this model, it's tempting to think that some anxieties have been left out in order to meet a target price. In fact, this special Volvo includes every feature on the S70's extensive standard equipment list. Plus, it boasts high-value extras like leather interior, CD player and alloy wheels.

What further surprises might we expect from formerly-staid Volvo? The C70 Convertible arrives in Canada this fall and there are hints of another exciting new model to follow soon after.



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PEI (506) 470-0000

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Ross Laver



The war for the desktop

Eight years ago, Bob Young was running a \$15-million-a-year computer rental business in Toronto. Today, from his new headquarters in an office park just outside Raleigh, N.C., he's helping to lead a revolution in computing—one that may soon pose a serious challenge to the power of Microsoft Corp. And what's even more remarkable is that his company's new product, in all intents and purposes, free. Sure, it sounds crazy. But we're talking here about the computer industry, where the standard rules of business don't apply. If they did, Bill Gates might still be running an obscure little software factory in Seattle and the Internet would have remained an underground data network favored mainly by university researchers and hardware techie.

So what? So if Bob Young says he's on to the Next Big Thing in computing, it's instantly possible he's right.

Young, 44, who was born and raised in Hamilton, is the chief executive officer of Red Hat Software Inc., a four-year-old company that distributes the Linux operating system. Linux is a well-known among run-of-the-mill computer users, but it's spreading like a computer virus among software engineers, Web site operators and hacker hobbyists. Conservative estimates put the total number of Linux installations at about five million and this thing every year. That's still a small fraction of the estimated 200 million computers running Microsoft Windows, but rest assured that Gates and his minions are looking over their shoulders.

They have every reason to be worried, because Linux isn't just a new operating system, it's a new way of looking at the software market. It was developed seven years ago in Helsinki by a 21-year-old university student named Linus Torvalds, who wanted to create his own version of AT&T's Unix operating system. Once he got it up and running, Torvalds posted a copy of Linux on the Internet and invited other programmers to download and offer suggestions. Before long, engineers around the world were contributing their expertise, united by the challenge of creating the world's best operating system.

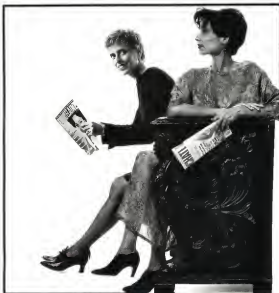
The key to this co-operative effort is

something called the General Public License, which allows programmers to sell copy or make changes to Linux as long as they, like Torvalds, make the underlying computer code freely available to the public. Thanks to the GPL, Linux has evolved in a kind of Darwinian process of natural selection, becoming more powerful and more popular with each passing month. There are user groups in every major North American and European city, made up of programmers who appreciate its flexibility and would dearly love to see the rug pulled out from under Microsoft. In some quarters, the enthusiasm for Linux resembles a kind of religious fervor.

Which brings us to Bob Young, who is about as passionate a supporter of Linux as you're likely to find. His company, Red Hat, is the world's leading commercial distributor of Linux and expects to sell 400,000 copies of it in 1999 at \$29 a pop. How's this for a business model? Anyone who wants to use Linux can download its various components for free from the Internet, but most people need a faster and more convenient way to buy a copy of a CD-ROM, and companies such as Red Hat are happy to oblige. Young likes it to the kitchen because you can buy all of the ingredients at any grocery store, but why go to the trouble when you can buy a bottle of Heinz for less than a buck?

The big question now is whether Linux can make the leap from the fringes of the computer trade to the mainstream marketplace. Young believes it's already happened. He points out that close to half of all the computer servers connected to the Net are already running Linux in conjunction with Apache, a popular and sturdy free Web server program. Last month, IBM announced its support for the "freebie" movement, and Netscape, Oracle and Sun Microsystems are reportedly planning to follow suit. Ottawa's Corel Corp. is already selling a Linux version of WordPerfect, and recently chose Linux as the operating system for its NetWorker network computer.

"The beauty of Linux," says Young, "is that it's free and it's open, which means every body has an incentive to make it successful." Everyone, that is, except Bill Gates.



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CHATELAINE. WHERE CANADIAN WOMEN GET IT ALL, TOGETHER.

DRUG LAW STRUCK DOWN

The Supreme Court of Canada denounced parts of the country's drug-patent rules in "drugsman." The court overturned earlier legal rulings that had kept two generic drugs—one an anti-epileptic, the other an ulcer treatment—off the market. The ruling is a major victory for two Toronto generic drug firms, Apotex Inc. and Novopharm Ltd.

BILLIONS IN SERVICE FEES

Canada's banks, trust companies and credit unions collected \$31.1 billion in service fees in 1995, Statistics Canada reports. By comparison, the banks reported interest income of \$21.6 billion and a profit of \$5.3 billion the same year. The agency report noted that "service fees are becoming an important source" of bank revenue.

PAY NOW OR PAY LATER

An Ontario government report on the planned commercialization of Ontario Hydro had good news and bad news for taxpayers. The report said electricity prices will not have to go up to pay off Hydro's \$20.9-billion debt when the public utility is replaced by a competitive market, but consumers and electricity producers will face special transition fees. No amount was specified.

A NEW EURO EXCHANGE

The London and Frankfurt stock exchanges announced a joint venture, billing it as "the first step along the road to a single European market." The two exchanges signed a memorandum of understanding to harmonize the markets for their leading securities. They plan to develop a joint electronic trading platform and hope to bring other European exchanges onboard. The move comes as European money markets are converging with a single currency, the euro.

THE MILLIONAIRE'S TALE

A rare third edition of Geoffrey Chaucer's Canterbury Tales was auctioned in London for \$11.1 million, the most ever paid for a book. The red, leather-bound edition was printed by England's earliest typographer, William Caxton, in 1476 or 1477. A dealer bought it on behalf of Sir J. Paul Getty, the U.S.-born billionaire philanthropist. The previous record sale price for a book was \$7.8 million, paid at a 1987 auction in New York City for a Gutenberg Bible printed in 1455.

Secrets of the Web

In a move that could put a chill on Internet chat groups where executives discuss publicly traded companies, courts in Ontario and California last week granted a Hamilton firm 12 orders to track down the names of its anonymous critics. The rulings allow troubled scrap-metal dealer Philip Services Corp. to force Yahoo! Inc. of Santa Clara, Calif., and Internet service providers to reveal the identities behind their users' pen names. Spokeswoman Lynda Kohn said Philip is interested in pursuing only those who defame the company, not those making legitimate comments. Philip has been rocked recently by losses of \$18.4 million, falling stock prices, class-action lawsuits and the departure of its senior managers.

The legal maneuver brought immediate results as Weisick Detsick Corp., a Hamilton service provider, divulged John Gallagher's



Philip site in Hamilton: hunting for chat-group critics

name. Gallagher, a former city councillor who said he posted his comments anonymously because he feared for his safety, complained he was not informed until after Philip had his name. But Weisick said in a statement that the court order stipulated the searches. Still, not everyone agreed to comply. Yahoo! said it will provide information only by subpoena. PSNet Inc. of Herndon, Va., plans to pursue the case in the courts. Said Nadya Arsal, CEO of PSNet's Canadian subsidiary: "This is something the legal system has to work through."

Dow agrees to terms

Dow Corning Corp. of Midland, Mich., has agreed to a \$4.7-billion plan that brings the company a step closer to a settlement with women in Canada and the United States who say silicone breast implants made them sick. Dow announced the U.S. settlement Friday. Arthur Horvitz, calls for 150,000 women to be compensated for language-systems diseases allegedly caused by silicone and ruptured im-

plants. Under the agreement, Dow Corning, once the world's largest manufacturer of implants, will end its three-year stay in bankruptcy protection.

In April, Dow Corning reached a \$64-million tentative settlement with 30,000 women in Ontario and Quebec. The settlement was contingent on Dow Corning's bankruptcy motion being resolved. The agreement still has to go through the courts and be approved by the plaintiffs and the company's creditors.

FINANCIAL OUTLOOK

The Canadian dollar fell to record depths, closing the week at 67.63 cents U.S. Few analysts expect the loonie to rebound soon. They attribute its weakness primarily to the Asian economic crisis, which has undercut prices for Canadian raw material exports and sent foreign investors fleeing to the perceived safety of the U.S. currency.

The latest job report also hurt the dollar. Statistics Canada said the unemployment rate remained at 8.4 per cent in June for the third consecutive month. It maintained that level

only because fewer people were looking for work. There were, in fact, 36,000 fewer full-time job opens Canada. The slowdown in job creation makes it less likely that the Bank of Canada will raise interest rates soon.

BANKRUPTCIES

Personal and business failures

34,311	30,670
January-April, 1997	January-April, 1996

Source: Statistics Canada

Personal and business bankruptcies continued to fall in April, down 10 per cent from March.

"The Canadian dollar's slump and that it is still too early for bottoming out," Canadian business rates are simply too high and inflated when we have to support the currency," —Narbit Burns

"The B-C economy is likely to remain as the doldrums over the next two or three years and the unemployment rate will remain relatively high."

—TD Bank

FAST AS SHAVING, SIMPLE AS SHAMPOOING...



Of all the
positions on
the team,
he had
to play
goalkeeper.



Now every Saturday you watch as opposing players run into him and frantic little feet kick at him. By some miracle, he always emerges unharmed. He's a lucky child, always



2001 Ford Focus

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2001 Focus

Every week you watch him play, and every week your fear gets drowned out by pride. Saturday morning soccer - just one of the places you're likely to find a Ford wagon or



2001 Focus Wagon

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For now. Forever.

1-800-561-FORD
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BY TOM FENNEL

BIG WHEELS

Charlene Coats wasn't planning to get rid of her 1996 Oldsmobile—she just happened to fall in love with a sparkling new 1998 Lincoln Navigator. The Saskatoon housewife was sitting while driving past a Ford dealer in December. There in the front lot was a gurgling 994,000 sport-utility vehicle—polished to perfection, its front end a waterfall of gleaming chrome. “It was a beautiful foreigner color,” recalls Coats, the mother of one-year-old Michael. “I had to stop and go back to see what it was.” One test drive was all it took to seal the relationship. The Navigator was loaded with cushy leather upholstery and a concert-quality audio system, but what really hooked her was the feeling of security that comes from cruising the streets wrapped in 2,200 kg of Detroit iron. “I feel safe,” says the first-time, fourth-child mom. “Being so high, you get a great sense of what’s coming up ahead.”

As vacationing Canadians hit the highway this summer, what’s up ahead is frequently a long line of big trucks—also wheel-drive behemoths and go-getting big pickups—charged out by upwards of a dozen design and domestic manufacturers. Across Canada, sales of new vehicles are stronger now than at any point since 1986, and nothing underscores the sector’s revival more than the surging demand for light trucks: the industry’s catchall term for everything from SUVs to minivans, full-size vans and pickups. This year, light trucks are expected to account for a record 48 per cent of all new vehicles sold or leased in Canada, up from 30 per cent a decade ago. The result is a host of snafus facing the auto industry—and a rapid debate over the truck boom’s impact on road safety and the environment.

At Douglas Leighton, who teaches a course on the car and security at the University of Western Ontario, the enormous popularity of trucks echoes the craze of the 1960s, when corporations competed to own the largest set of wheels on the block. “It’s like ‘My Happy Days are three,’” says Leighton. “People are wearing these things like badges to show that they’re serious.”

Until recently, many people drove and outside the auto industry figured the truck boom was a lie, one that would blow itself out after a few years when consumers tired of heavyweight, heavy-duty

superstations and heavy on-the-road fuel bills. But instead of shrinking, the truck market is now spreading out in every conceivable direction. At the upper end, luxury brands such as Cadillac, BMW and Porsche are scrambling to roll out their own SUVs, as the theory that too much is over-crowding for today’s well-heeled urban road warriors. Simultaneously, Chrysler, Ford, Volkswagen and several other automakers are pouring glass doors into new generations of compact, car-based SUVs that would do battle with existing models from Toyota, Honda and Subaru.

Another crack is in the shift to so-called hybrid vehicles—models that combine the convenience and roominess of a minivan with the eco, outsize image of a sport utility. “There is no definition of what an SUV really has to be,” says Robert Duran, market analyst at AutoPacific Inc. in Detroit. “That’s what will make a lot of these crossover vehicles interesting to people. They’ll have utility and they will be sporty.” The truck craze isn’t the only hot trend on the road. The industry has also begun to sell environmentally friendly electric cars, largely because of pressure from government regulators (page 62). And there have been some successful launches of smaller niche vehicles, such as Volkswagen’s New Beetle (page 40). For the most part, however, North American auto executives are emphasizing big muscle trucks in their efforts to appeal to the huge baby-boomer market, the most targeted demographic group in the country. Ironically, the pressure that discouraged mass sales in the 1960s and helped give birth to the environmental movement in the 1970s now leads the charge to the biggest and most powerful vehicles on the market.

Ken Zins, director of product development for Ford Motor Co. in Dearborn, Mich., says the demand for trucks is in some ways a reflection of an earlier more carefree age. Before the Arab oil embargo in 1973, the top-selling cars in North America were family-sized cars such as the Ford Galaxy 500, the Chevy Impala and Chrysler’s Town and Country station wagons, all of which boasted V8 engines and ample cargo space. Government regulations and consumer demand for smaller, more fuel-efficient vehicles gradually killed off these lumbering dinosaurs. But strong economic growth and falling oil prices this decade—adjusted for inflation, gasoline is cheaper now than at any time since the 1930s—have taken the industry full circle to the time when big wheels ruled the road. “Look at the ve-

hicles that have re-emerged,” says Zins. “They carry nine passengers, have V8 engines and lots of cargo capacity. It’s a repackaging of what people bought by the millions in the 1960s.”

The trend is heavier and more heavy-vehicles has driven plenty of criticism, however. Consumers Union, the Washington-based consumer advocacy group, has denounced light trucks as “heavy, gun-toting behemoths that in accidents wreck havoc on other vehicles and otherwise take a particularly heavy toll on the environment.” Others note that while drivers often say they feel safer behind the wheel of a full truck, those vehicles typically have higher centres of gravity than cars and are therefore less stable when cornering sharply.

The biggest controversy concerns the heavier trucks’ pose to other vehicles. The safety from safety advocates grew louder last month when the U.S. National Highway Traffic Safety Administration released a study of 5,260 fatalities in crashes involving a light truck and car in 40 per cent of these cases, the people killed were the cars riding in the car.

Trucks of all shapes and sizes are taking over the road—but the BOOM has set off a raging debate about safety and the environment

SHIFTING UP

Canadians are buying almost as many light trucks—**vans, pickups and sport-utility vehicles**—as cars.



president of Richmond Hill, Ont.-based Destination Automotive Consultants Inc., at that “you don’t want to be in a car if you’re hit by a truck.”

The U.S. traffic agency’s report—released during an international conference on vehicle safety in Washington, D.C.—noted, among other things, side-impact collisions between light trucks and cars. The agency’s findings were staggering. In cases where the “bigger” vehicle—the one hitting the other vehicle—was a full-size van, 23 car drivers died for every van driver killed. The death ratio for SUVs was 30 to 1, for full-size pickups it was 27 to 1; for minivans, 16 to 1, and for small pickups, 11 to 1.

Manufacturers, spurred by a rising tide of negative publicity surrounding SUVs, are now showcasing a number of ways to make them safer traffic-friendly. One solution would be to increase the weight of cars, but the extra bulk would make the drivers more leech. (As a rule, every 100-kg reduction in weight improves fuel economy by eight per cent.) Another option, says Harry Palmer, director of regulatory affairs with the American Automobile Manufacturers Association, would be to install extensive air bags in trucks that would inflate when onboard sensors detected an imminent collision.

Of course, the simplest course of action might be to require that manufacturers redesign their trucks so the bumpers are the same height as those on cars—something that a few companies have already done. But for the space of a truck’s safety appears to be having an unintended consequence: according to a *Washpost* Magazine, sales of SUVs have increased 14 per cent in the United States since the controversy over light trucks began last year. “Sales of SUVs are still going up,” says Larry Naim, sales manager at Nerby Motors Ltd. in Saskatoon. “People don’t like to be in traffic. There is a sense of security.” In the short run, those additional sales are good news for the North



CAR

American auto industry. Reason: the profits they reap from light trucks are often many times greater than the money they earn from family sedans—as much as \$15,000 per vehicle in some cases. In addition, the light-truck category is the only significant segment of the vehicle market in which domestic manufacturers still enjoy a commanding lead over the imports. Since 1995, the Big Three's share of car sales in North America has fallen from 74 per cent to 61 per cent, but the popularity of their trucks has masked that decline.

Although European and Japanese makers are now targeting the light-truck market, for the most part the category still belongs to General Motors, Ford and Chrysler. (The popularity of Chrysler's Jeep and Dodge truck lines was a major factor behind the company's recent purchase by Daimler-Benz, the company that builds Mercedes-Benz cars.) And GM's plan to introduce a lucrative new line of pickups this fall—its most important launch this decade—was a major reason why company executives were pushing last week to settle a strike that has shut down virtually all of the North American assembly plants.

Chris Trivett, a director of Markham-based Minix Canada Inc., an automotive research firm, says the industry's heavy reliance on SUVs and van sales leaves it vulnerable to sudden changes in market trends. When prices soar or driving a truck is suddenly viewed as environmentally unfriendly, consumers could abandon them in droves. "Vehicles are like fashion," says Trivett. "There is no rational reason why we need to envelop ourselves in a 2,000-lb vehicle."

Charence DeYoung of Halifax was thinking of both safety and brand power when he bought a Lincoln Navigator earlier this year. "I wanted something that could handle the winter," says DeYoung, who is retired. He also loves the Navigator's interior space, which allows him to load washing machines for the rental business he now operates at Halifax. The truck does take some getting used to: it is so big that DeYoung tore off the roof rack while leaving an underground parking lot. And because of its size, his wife finds it difficult to drive in the city.



Automakers are targeting **UPSCALE** buyers who want to project an active, go-anywhere image

One thing that doesn't bore DeYoung, however, is the truck's fuel economy for fuel, which averages 19.6 litres per 100 km (24.1 miles per gallon) in city driving. "I guess it should concern me," he says, "but it doesn't."

Size and power were things Mary Ann Galt of Saskatoon never thought much about—until, she and her husband, Byron, suggested they trade in their 1994 grey Dodge Stratus sedan for a Plymouth Voyager minivan. After reluctantly declining behind the wheel for a test drive, she was so impressed that she is now happily cruising the road with her two boys—Byron, 12, and Galt, 10—and the family dog, Maggie. "I couldn't believe it," she says. "It's so great. You ride up high and you really feel safe."

For the same reasons, Paula Linder of Dartmouth, N.S., can't imagine ever going back to a car. In May, the Linder family purchased a new minivan—Chrysler's Venture minivan, which more than enough roads for their three children from their heads and all their sports gear. The higher fuel consumption means the van may be more expensive to drive than the car, Linder used to own, but she says the added power and easy access to hold the trunk. The van has bucket seats back and front and cup holders throughout. "I wouldn't go back to a car," she says.

Chrysler hopes its big 4-door Van is a leader coming back to its roots: long after the kids leave home by heading a hybrid version that will be available as an SUV while retaining spacious interior. Company executives will not discuss the final design, but Chrysler-Canada spokesman Jody New says the sector is headed toward "multitasks" that are part van, part SUV. Trivett believes that Chrysler's reincarnated

van will be aimed at boomers who still want the utility of a van, but who want to make a statement. "Succinate as people get older and the kids are grown up, they want something sporty—a vehicle that looks back to their youth."

Hybrids of vanitas sorts are already showing up on showroom floors. One of the most successful, the Saturn Outlook, merges a compact sedan design with a four-wheel-drive system not only found on an SUV. After a launch with bankruptcy in the early 1990s, Saturn earned record revenues of more than \$1 billion in 1997 and company executives credit the strong sales of the Outlook with saving the company. Volvo has also launched a four-wheel-drive wagon, and no one really knows where the trend will end. "Does the Ford Taurus still have a soul," said Zito, "or does it migrate into a van or SUV?"

A disaster incident of where vans and SUVs are headed is underscored by Minix's four-wheel-drive MPV. Even the all-wheel-drive, a crossover SUV with a sparer front end, large rear window and roof rack. But inside it retains the box-like configuration of a minivan with bucket seats up front and two rows of bench seats in the rear.

General Motors is also attacking the crossover market with the Montana version of its Pontiac Trans Sport minivan, which GM executives have dubbed a "long machine" because, outwardly, it spans both the SUV and van markets. To distinguish it from the rest of the minivan market, GM designers gave it a beefier-looking body, traction control and a stiffer suspension to handle tougher terrain. An estimated 50 per cent of Trans Sport buyers opt for the Montana package, which adds about \$1,000 to the minivan's base price. The company's Montana-based concept vehicle also has a lot at the future. It dispenses its minivan roots with air scoops on the hood and lights above the windshield. "It is for people who like minivans but want something with more range to it," says Detroit analyst Ericson. "They're saying, 'You just got a family person I have a lifestyle.'"

Other companies are joining their product-based specific car buyers who do not need off-road capability but still want to project a go-anywhere image. Toyota's Land Cruiser was one of the first to take the market with an \$82,000 LX 490. Based on a car-like platform it has a smooth ride and luxury appointments, but, with its 250-horsepower engine and high road clearance, LX 490 drivers can feel the rugged outdoors.

Manufacturers are also trying to cater to drivers who love strong high up but do not need the hauling capacity or off-road ability of a large SUV. Toyota is exploiting the niche with its RW4 SUV, and Ford plans to launch a similar small truck based on the subcompact Escape, by offering smaller vehicles with the same macho designs as large SUVs, the industry hopes to attract young drivers, who share minivan's low cohesiveness, and older drivers who want to project an adventurous image. "The industry is focusing on boomers and Generation X," says Duronio. "You're getting boomers who are saying, 'I want to be trendy. I don't need it, and younger drivers who are saying, 'I don't want to drive a minivan like mom.'"

The introduction of a wide range of smaller SUVs might also help to

The smaller the car, the greater the risk

The 1997 Mercury Taurus sedan approached the busy intersection of Highway 224 and Deerfoot Trail in Calgary on Friday night last December. Two cars sped ahead of it safely made a left-hand turn. When the 18-year-old driver of the Taurus tried to round the corner by cutting in front of concerning traffic, a silver pickup truck slammed into the front passenger door. Outweighing the sedan by several hundred kilograms, the pickup ripped the car apart like a cat opener. The drivers of both vehicles escaped with minor injuries, but the car's passenger died. "Would the car have spilled up to the same degree if it had been struck by a vehicle approximately the same size?" asks Sgt. Rod Davis, an accident investigator with the Calgary Police Service. "Probably not."

Ripped open: Wreckage from last December's crash in Calgary



Behind him, Davis knows that all too well. "There are too many different designs of vehicles on the road and there's too great a span of vintage and technology," Davis says. "The only thing you can do is practice good driving." Many concerned car drivers will undoubtedly heed that advice. Others will simply trade in their cars for a truck.

DANIEL MARILESSKA

new environmental concerns surrounding the smaller pollution control standards on most light trucks, as well as their relatively poor gas mileage. To drive attention to the issue, the Vancouver-based Diesel Sucks Foundation ran a series of newspaper ads in April depicting a family vacation gas tanks while gas stations behind them. The vehicles are considerably smaller than cars, according to the U.S. Environmental Protection Agency, a typical light truck emits at least 75 per cent more nitrogen oxides, a major cause of global warming, than a large family car.

Saskatchewan's executive director Jim Fulton said Finance Minister Paul Martin a brief last September urging him to introduce a plan that would reduce the emissions from larger vehicles. Without a dramatic shift to more fuel-efficient cars, Fulton says Canada will not meet its obligations to cut greenhouse-gas emissions as agreed in Kyoto, Japan, last December. What bothers Rod Nelson, a director at Toronto-based Pollution Probe, is the fact that people who drive SUVs just don't seem to care. "I don't see why anyone who can afford a \$75,000 vehicle," says Nelson, "can't afford proper pollution control."

Fault's Zito, however, says that unless that price spike upward in the near future—something few analysts expect—environmentalists are destined to lose their battle. "Consumers want quality," says DeYoung, "and that's not what's out there and SUVs give them." The good-bye and bring-on—act out there on the highways. □

With DANIEL MARILESSKA in Toronto

KINGS OF THE ROAD THE TOP-SELLING VEHICLES IN CANADA IN 1997

CARS	MINIVANS	SPORT UTILITIES	PICKUPS
Chevrolet Cavalier Pontiac Sunfire	Dodge Caravan/ Plymouth Voyager	Ford Explorer	General Motors GM series
50,053	30,307	23,913	16,274
Honda Civic	Ford Windstar	Chevrolet Blazer/ GMC Jimmy	Ford F series
49,553	32,114	20,166	85,952
Ford Escort	Chevrolet Venture/ Pontiac Trans Sport	Jeep Grand Cherokee	Dodge Ram
34,452	32,352	17,155	86,823

SOURCE: DEALERSHIP REVENUE COUNCIL



The love affair continues: Beetle fans flocked to Niagara Falls, Ont., to check out hundreds of vintage Volkswagens; the new Bug (above) is in short supply

Blasts from the past

BY DANYLO HAWALESEKA

Danella Warren is selling pop and lunchboxes to promote Volkswagen features at the annual June Jitter Bug car show in Niagara Falls, Ont. The sky is pale blue and the sun is as hot as the demand for Volkswagen's New Beetle. Warren, an X-ray technician, knows firsthand just how lively that market is this year. Last winter, the 35-year-old mother of two grown children placed an advance order for a red 1998 Beetle with air conditioning, anti-lock brakes and "power everything." Price: \$26,820 including tax. But while awaiting delivery, Warren also bought a house and decided paying for both would be too expensive. She placed an ad for the car and her phone started ringing. One of the first people to get through desperately wanted the car as a gift for his fiancée and offered Warren \$12,000 above cost. "I had his money in my hands before I had the Beetle," Warren says, smiling at her good fortune. "I couldn't even catch my breath and he was at my door."

Welcome back to the future, where car nostalgia is rampant and retro cars rule. Cranking in like no other vehicle, a VW's resurrection of one of the world's most popular automobiles—a car that in its previous incarnation stood for low budget, no-frills economy—

is that would be sweet if the New Beetle has altered drivers' lives much as dollars above the suggested retail price, that showroom or parents have brines and between customers who want one that says people have followed the cars while they were being delivered to dealerships to they could be first to take a test drive.

Other auto manufacturers are also riding these golden paws. Ford plans to launch a back-to-the-roots Thunderbird coupe, drawing on the 1950s classic for styling cues. Chrysler's Plymouth Prowler, meanwhile, is a throwback to the days of souped-up cars plied in movies such as *American Graffiti*. And while as one expects that retro cars will ever sell millions, they are valuable for strengthening a manufacturer's brand image. "It's not just how many you sell," says Maryann Kellier, an auto analyst and managing director of financial services company ING Barings Finance Sales in New York City. "It's how many people think about you."

Why now? As with so many consumer trends, the automotive renaissance is being driven by aging baby boomers and their disposable incomes. Boomers are still young, many are still affluent and, by a growing number of them have paid off the mortgage and see their children leave home. Enter cars

dripping with nostalgia but equipped with the latest technology for performance and safety. The trend reminds Kellier of her own youth and her first car, an old British roadster. "When I think about it, it's a wonder I survived in that thing," Kellier says. "But I also look back on it very fondly. Hell, I was five and blind and I was driving a hot little red car and now I'm no longer any of those. So when I think back on the car, I also think back on my lifestyle. These are powerful associations."

The lesson is not lost on manufacturers. Ford last year drove toward the Thunderbird after years of sagging sales. What was originally a powerful, stylish coupe that set young hearts beating later had metamorphosed into a big, heavy boat better suited to floating down highways. So earlier this year, Ford vowed to return the Thunderbird name to its 1950s roots as a two-seater with an estimated price of \$45,000. The redesigned luxury coupe is expected by the year 2000, in time for the 2000 model year.

There are others. Chrysler's \$33,100 Prowler, with its chunky, insect-like, was designed not to be a mass-market success but to associate the middle-of-the-road Plymouth brand with power and sexy styling. Even before its introduction in 1997, the Prowler was plastered on the cover of



Chunky good looks: Chrysler's new Plymouth Prowler (top), and a classic 1997 Ford Thunderbird



is as much a fashion statement as a form of transportation.

So far, none of the retro cars has attracted anything like the attention given to the New Beetle. Everything about it is different, yet there is a comfortable familiarity in the car. "I had a whole kindergarten class on a field trip stop and give me the peace sign," says Kathy Winkler, a teacher's aide from North Tarrytown, N.Y., whose husband bought her a blue New Beetle for her 30th birthday. For all the nostalgia, the New Beetle shares no parts with its pop-

ular predecessor, relying on the same chassis as the Golf hatchback. Gone is the six-cylinder, rear-mounted Volkswagen engine, replaced by a 115-horsepower water-cooled engine in front. The old classic distinctive hood-scoop horn is gone, too, replaced by one that looks like a Ford. Among the improvements over the original is front-wheel drive, four-wheel disc brakes, a remote keyless entry system and four air bags—two up front and two more stuffed into the sides of the front seats.

The biggest attraction, however, is the New Beetle's rounded shape, which borrows heavily from the original while still managing to look futuristic. Behind secretary Jeanette Raymond, 65, stands a new appreciation of the car's styling while cruising around her Manhattan neighborhood. "Look how everyone's staring at us," Raymond said. "It's the Celine Dion of cars."

Craig Chico of Peterborough, Ont., bought a black New Beetle (license plate: 2 HUG 1) and drove it to the Niagara show, parking next to a replica of Herbie, the cross-eyed Beetle in the 1968 movie *The Love Bug*. Chico, a 45-year-old entrepreneur, thinks the car is about \$5,000 overpriced. "It doesn't make any sense," he complains, pointing to the cramped rear quarters. "There's no back seat." Yet despite his misgivings and his wife's objections, Chico bought one "to sit a Beetle," adds Chico, who owns two older Bugs. "No, it's come out, but somewhere along the way you feel the same thing." For manufacturers, that is what the retro movement is all about: reviving old memories to sell new cars. □

Nostalgia is rampant and RETRO cars rule



From the outside there was little to distinguish the sleek Toyota Prius from any other car on the streets of Timmins, Ont. But when the driver turned the key, it was clear this was no ordinary motor. The only sound as the Prius pulled away was the gentle hum of an electric motor. Known in the industry as a hybrid electric, the vehicle was in Northern Ontario only this year for cold-weather testing. With both a high-efficiency gasoline engine and an electric motor, the car can travel well over 100 km on a litre of fuel, leaving behind only a whiff of pollution.

So far available only in Japan, the Prius sells for about \$30,000, a price heavily subsidized by Toyota. The company assembles 2,000 a month—a tiny fraction of the 340,000 conventional vehicles it makes in the same line. But the Prius, which uses a battery-powered electric motor at slower speeds and a gasoline engine as the car accelerates,



All charged up
General Motors hopes to sell 500 battery-powered EVs in the United States this year.

Green machines

A gentle **HUM** signals the arrival of the battery-powered car



exists in the world's first commercial hybrid electric. Its arrival acts as a standard for the industry. Despite growing demand in North America for light trucks, industry insiders think the future is bright for so-called clean cars. Being "environmentally friendly," says Bill Goss, chief executive officer at Ford Motor Co. of Canada, will be "the price of entry" for automakers in future.

The green machines will not arrive soon enough for some people. Experts say the number of vehicles on the planet will double to almost one billion over the next 30 years as incomes rise in countries such as China and India. At the same time, governments are constrained to reducing levels of greenhouse gases, which many scientists believe are responsible for global warming. Given that auto emissions account for 14 per cent of those gases, any attempt to improve the overall situation will be fruitless unless cars and trucks find a cleaner power source.

In addition to its hybrid research, Toyota is selling an all-electric vehicle in the United States—a \$45,000 battery-powered version of its RAV4 sport utility. Since December, it has sold 406 of the vehicles. And General Motors hopes to sell 500 EVs, a sports two-door electric car, this year. Itasca, Ford and Chrysler are also selling battery-powered vehicles, but the market is small because of their high cost and limited range—generally no more than 100 km per charge.

The future of the clean car, many analysts say, lies long to either the battery or the hybrid, but to the hydrogen fuel cell, a technology be-

ing developed by Ballard Power Systems of Burnaby, B.C. It creates electricity from hydrogen, a gas that can be stored in tanks or extracted from fuels such as gasoline or methanol. In Vancouver this fall, B.C. Transit plans to try out three buses that use the cell. And last year, Ford and Daimler-Benz AG, parent of Mercedes, showed their faith by investing a combined \$1 billion in Ballard. "We made the investment in Ballard to help develop it to the point that it's affordable," said Goss.

To be successful, manufacturers of such vehicles have to solve an economic riddle: can a fairly car that produces virtually no pollutants be powerful, comfortable and yet cheap enough to attract buyers? So far, the vehicles closest to that ideal are hybrids like the Prius. But they do have their drawbacks. "This picks up fuel economy," says Chuck Borch, technology manager with Ford's new green-tech vehicles program, "but you also pick up cost, weight and complexity. The batteries are heavy and expensive."

While electric vehicles are expected to become cheaper as technology hurdles are cleared, most experts believe they will be used primarily by commuters and by businesses for short-range transportation. "Our vision of the future does not include charging stations every 50 km on the highway for long-distance travellers," says Mark Amodeo, project manager for Toyota's alternative fuel project. Longer term, he adds, will likely be left to vehicles powered by hydrogen fuel cells.

There are plenty of skeptics. Auto consultant Jan Harbour of Troy, Mich., believes that as long as gasoline remains cheap and the range of conventional motors continues to be extended, the market for alternative vehicles will remain small. But if the economic and technical riddles can be solved, the dirty grey of the internal combustion engine may slowly fade away. "In the future," says Amodeo, "when you want to go to grandma's house, you'll take your fuel cell or hybrid. The electric vehicle will be your daily commuting vehicle or something you put your 14-year-old high-school student in." A slice of that automotive future has already been seen on the streets of Timmins.

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Diane Francis

'Bracket creep'—a big bonanza for Ottawa

The Liberals like to cloak the ravages in fiscal rectitude, taking pride in balancing the budget. This is the Big Lie of Canadian politics—and the figures prove the point.

Since 1993, our federal government has enjoyed a windfall from tax revenue. In fact, this has been due to prosperity and trade opportunities resulting from a booming economy in the United States. Economic hardship has not played their part as well, since 1994, when the Canadian economy rebounded from the recession of the early 1990s, EI premiums have soared as for faster than benefits have been paid out. By the first quarter of 1996, the EI fund had a surplus of almost \$3 billion. The deficit battle, however, has also been won through a hidden, and unfair, tax hike on all Canadians, even the poorest. This occurs because the rate of inflation is not deducted from taxable income. As a result, the taxpayer is pushed into a higher tax bracket even though in real terms his income is not higher. Meanwhile, the provinces have borne the brunt of spending cuts. If Ottawa had matched their efforts, Canadians by now could have enjoyed federal tax cuts or debt reduction—or both—in addition to a balanced budget. That is not been the case.

Ottawa's net take has jumped dramatically since the Liberals won power in October, 1993. Federal government revenues in 1992-1993 were \$130.4 billion. In the 1993-1994 fiscal year, they were \$147.5 billion, a hike of \$17.1 billion or 13 per cent. While expenditures over the same period had shrunk, the decline was by only \$2.93 billion, or nine per cent. That one-sixth Ottawa won its deficit battle primarily through tax increases rather than spending cuts.

Meanwhile, most of the provinces and municipalities have been more fiscally responsible. According to the federal government's own figures, all levels of government in Canada saved in the revenue books. In 1993, combined revenues were \$401.7 billion, an increase of 33 per cent from \$300 billion in 1992-1993. And they kept their collective spending below 12 per cent, less than the rate of inflation for the past five years.

But much of the federal Liberals' revenue flood has been an undeserved windfall—the result of an arcane tax adjustment called partial indexing. Instituted by Brian Mulroney's Conservative government in 1985, it replaced the former full indexing that governed Canada's tax code since the voluntary 1970s. Full indexing means that taxpayers are not punished for inflationary income gains that are in reality solely at inflation. For full indexing, which does not adjust tax rates unless inflation rises above three per cent a year, his prospect is to be a bonanza to the Liberals because of the current low-inflation economic environment. Deliberately

left unchanged by the Liberals, partial indexing provides an invisible tax increase also known as "bracket creep."

Bracket creep has been insidious and has delivered revenues to Ottawa it does not deserve. And it has cost lower- and middle-income Canadians a bundle over the past five years. This year, for instance, 3.5 million Canadians will be hit with a tax increase. In 1990, a single person making \$49,505 paid no federal income tax. Now, taxes stick to it at only \$7,113. Since 1992, more than one million low-wage workers have been paying the threshold federal income tax of 17 per cent. Another 1.5 million taxpayers have seen their marginal tax rate rise from 17 per cent to 26 per cent, while 600,000 had their marginal rates pushed up into the 29-per-cent bracket. Anyone with a taxable income of \$75,249 will pay \$2,000 more in taxes in 1996 than in 1997. At current inflation rates, 1996 will be the sixth year in a row that taxpayers will be shoved into higher income tax brackets without intending.

Ottawa instituted indexing as a relief measure in 1973 to prevent exactly the taxation windfall now occurring strictly as a result of higher prices for goods and services. The Tories introduced partial indexing as a compromise measure designed to help cut the deficit. When, for example, inflation is five per cent, Ottawa makes an adjustment of one per cent (deducted from taxable income). Meanwhile, a 20 per cent adjustment is seven per cent. Because inflation has not exceeded three per cent for the past six years, income tax levels are far out of sync. Under full indexing, the federal government's net take would have been one-third less.

The partial indexing government also benefits from the partial indexing because their revenues automatically pickup on these increases—other income taxes are calculated as a percentage of the federal tax. For instance, workers making more than \$20,180 are in the top federal marginal bracket of 29 per cent. Depending on where they live, workers in addition then pay anywhere from 40 to 69 per cent of the federal tax in provincial income taxes.

This windfalls revenue grab has escaped the attention of the mainstream media, and, therefore, the public. The Reform party and some of the provinces have complained, but their criticisms have been mostly written off as paranoia.

The fact is, the Liberals in Ottawa have enjoyed a windfall that no government deserves. Instead of paying down debt or providing tax relief, they squandered their lightning gains by mounting government operations in their five years in power. There is no excuse for this when all other governments have made necessary, if painful, spending cuts. And there is absolutely no excuse for the excessive tax grab by Ottawa out of the pockets of ordinary Canadians and families struggling to make ends meet.

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The Sexes

When he becomes she

Questioning the practice of infant sex changes

It is a troubling problem that occasionally occurs in newborn babies—ambiguous or deformed genitalia that, if left untreated, could bring a lifetime of embarrassment and shame. In a small percentage of so-called intersex cases, the abnormalities are so severe that doctors and parents may opt to alter the child's sex through surgery. However, treatments and upbringing. Such cases are rare. A senior official at Montreal Children's Hospital can recall only four cases over the past decade, doctor's at Toronto's Hospital for Sick Children report even fewer—perhaps two or three in 14 years. Even more uncommon are instances in which infants' designation to boys' penises in infancy leads to a decision to "reassign" the child as a female. Only two such cases have been documented in North America—both, by coincidence, involving Canadian boys. The cases—was first reported in the late 1960s and the second last week—had dramatically different outcomes. Yet both suggest to Dr. Milton Diamond, an expert in reproductive biology at the University of Hawaii, that the choice of sex should be left until the child is old enough to make the decision. "It's too easy to say, OK, the boy's penis is gone, let's make him into a girl!"

The latest case, described in the July issue of the Burlington, VT-based journal *Pediatrics*, involves a boy whose penis was irreparably damaged at two months in an accident involving electrical circuitry equipment. After consulting John Money, a prominent psychologist at Johns Hopkins Institute in Baltimore, the parents decided to raise the child as a girl, surgeons removed the remains of his genitalia and began constructing a vagina. Later, doctors administered hormone therapy to promote breast development. In February at doctors at 16, when surgeons operated to deepen the vagina, and again at the age of 25, the transsexual boy—who



Denies the nature-versus-nurture argument resolutions

came to see himself as a "she"—recalled as a child being attracted to the kinds of toys and games associated with boys, while preferring girls as playmates and friends.

She also favored lezbian as partners in her sexual fantasies. A few years ago, at the age of 26, she was involved in a sexual relationship with a man, but shortly after that began a lesbian relationship. Today she lives somewhere in Canada, works at a job that is mostly done by men and denies of herself as a

sexual woman. The authors, including the London, Ont., physician, Dr. Annona Chervin, who delivered the baby but did not circumcise him, and psychologist Kenneth Zucker of Toronto's Centre for Addiction and Mental Health's Gender Unit, say parents that while her upbringing established a female sexual identity, personal biological factors may have been more influential in determining gender role and sexual preference.

The earlier case involved a boy—one of a set of identical twins—who also lost his penis as the result of a circumcision gone awry. When he was 17 months old, the child's caregivers, who also consulted Money, decided to raise him as a girl and doctors subsequently removed his testicles and began constructing a vagina. Money reported that despite tomboy characteristics, by the age of 9 the child's behavior was "normally that of an active, little girl" and "clearly different by contrast from the boyish ways of her twin brother." That seemed to support Money's belief that at birth a child's gender identity is "completely differentiated" and open to modification by environmental influences. In other words, nurture could triumph over nature.

That conclusion was severely jolted by later events. By the age of 14, the patient—now known to researchers as "John/Jane"—was reassigning his maleness and a new set of physicians started testosterone therapy, surgically removed his breasts and began construction of a new penis. At 26, he married and adopted his wife's children. Now in his early 30s, he married doctors that he never felt comfortable as a girl and was sexually attracted only to females. That story only emerged last year, when Diamond and a Victorian child psychiatrist, Dr. Keith Stern, published an account of John/Jane's return to life as a male. (Money declined to talk in Maclean's, saying he had a policy of not discussing the case with the media. Stern, Stern and Chervin did not return calls.)

Experts estimate that perhaps one out of every 2,000 North American infants is born with deformed or ambiguous genitalia—and that in the United States, hundreds of infant sex-change operations have been performed in recent decades. Now that the facts of John/Jane's later life are known, some physicians may be inclined to endorse Diamond's view that sex-change surgery should be postponed until the children involved are old enough to make their own wishes known. Still, Zucker is convinced that in the most recent of the two cases involving Canadian boys, doctors made the right decision—given the concerning social and psychological problems "any boy would have living through childhood without a penis."

MARK NICHOLS

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Learning to play the markets

Next spring, business students at McMaster University in Hamilton will be swapping their red suspenders and pursuing the financial markets on their very own state-of-the-art trading floor. A joint venture of CIBC World Markets, Reuters Canada news agency and the Toronto Stock Exchange, the rooms will come equipped with all the bells and whistles, including a trade-exchange from one of the big brokerage houses. Everything will be there—except money. One of the conditions of getting in-state access to the TSE database is that students cannot actually execute trades. "This is primarily for simulations and research," notes David Corns, dean at the Michael G. DeGroote School of



CIBC finance student Sarah Towns, 19 and sitting on Bay Street

High-school strikes loom over Ontario

Barely a week goes by without another group of Ontario high-school teachers voting to go on strike in September. By the end of last week at least 30,000 high school teachers in 83 of 93 public school boards had voted to walk off the job in what would be the second teachers' strike in as many years. The main reason: government funding changes which have triggered layoffs (about 8,000 redundant teachers this spring), and have forced high-school teachers to spend an expensive—some of the cost—in the classroom. Many of these laid off will be called back, especially as nearly 9,000 Ontario teachers have taken early or full retirement,

up from 3,000 a year ago. The casualties of the labor uncertainty include many school sports and culture programs which are being cancelled. "The beneficiaries? The schools of education, which are enrolling a surge of entrants in their summer courses to accommodate high school teachers seeking extra qualifications to teach elementary and junior grades—where many feel the jobs will be. At Queen's University in Kingston, Ont., the number of teachers taking summer school approaches the month has increased to 365 from 897 a year ago. "It is just another indicator of the desperation for scarce jobs," observes Queen's faculty of education registrar Lynne Poole.

Who owns the Catholic schools?

Catholic school authorities in Newfoundland have been on the losing end of two referendums and watched as a constitutional amendment stripped them of their responsibility for denominational schools. But they are not giving up the ghost. Next week, they will be back in the Court of Appeal with the government of Newfoundland, trying to get an injunction against the province's new Schools Act. Meanwhile, many in the church are anxious to determine who actually owns the 131 Catholic schools that are now to be run by independent boards. Under the Schools Act, the church keeps ownership of the property—but cannot sell the land while there is a school on it, charge rent or have control over how the buildings will be used. "We have no difficulties with our schools being used as schools, even with the fact there is no compensation," says Beaumont Fagan, executive director of the Roman Catholic Education Committee in St. John's. "But we might well see the classrooms for religious educational purposes after school." Church and state have reached a partial agreement. But the fine print of owner's rights may have to go to mediation. It is still to own land, but not be able to use it, allows Fagan. "But obviously," he says, "is a thing we have come to live with in these matters."

Insurance. Still, he is hoping to raise an additional \$200,000 so that a select group of students can manage a real portfolio. If he is successful, McMillen will win a handful of universities a few show their students to play market manager with hard cash. The biggest may be the University of Wisconsin at Madison where, earlier this year, the board of regents authorized its business students to invest \$10 million of the university's endowment fund. The biggest in Canada, University of British Columbia's Portfolio Management Foundation, which has turned \$1 million in donations into a \$2.3 billion fund and uses the profits to underwrite the students' travel and living expenses while they intern during the summer at some of the country's largest brokerage houses in Toronto and Vancouver. "I observe faculty supervisor Robert Heinkel: "We are often ranked in the top 10 per cent of all portfolio managers in Canada."

Student debtors face the music

Student debtors who default on their provincial loans will not be able to hide from the state any longer. As of this month, provincial governments have the right to ask Revenue Canada for their share of any refund owed a delinquent debtor. The new law, passed just before Parliament recessed at the end of June, still puts any money owed the federal government and court-ordered support payments ahead of provincial claims, and it requires a memorandum of understanding with each province before it can be put into effect. So far, only British Columbia has signed on. But Ontario, with 45,000 student loan defaulters and \$150 million in corresponding OAPS, is eager to get the law in a by "This will be a last measure," says Laurie Menon, head of collecting at Ontario's Management Board Secretariat. The province is still obliged to track down defaulters first through internal means or collection agencies. "This is where we can't find your address, we can't find you anywhere," says Menon. "Someday, this is the only way we can put a social insurance number to an address someone applies for a tax refund."

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Fighting for laughs

Neither *Godlike*, *Deep Impact* and *Armageddon* have damaged their negative payloads—without quite setting the world on fire—along come a summer blockbuster for kids, one that turns *Godlike*'s "mud don't matter" slogan on its head. *Small Soldiers* reduces the same world scenario to top-gun scale. The world, in this case, is a suburban home under military siege by an army of plastic action figures. The concept in *Toy Story* with death. *Toy Story* was animated fantasy about how-tech toys that came to life. *Pinocchio* like, in a boy's bed room. *Small Soldiers* is a live-action movie about high-tech toys that come to life, not by magic, but by technology run amok—like the *Terminator* with glass-eye intelligence.

Though clever, sporadically funny and terminally criticizing, this action comedy has neither the originality nor the universal appeal of *Tiny Tim and the Great Big World*. It is too long (nearly two hours), too urbane and too vicious. Its ideal audience, presumably, is a pretentious boy at the hormonal crossroads. But the film laboriously panders to parents as well as kids. It is a war movie with an anti-war message. And, scarcely in step with the summer of *The Time Machine*, it has a historical premise tracking the evolution of ideological confusion.

A military corporation called Globaltech Industries has moved into the toy business. Using a computer chip designed for military weaponry, it creates a new line of "toys that play back." An action figure named Major Chip Blasted (the voice of Terence Love Jones) leads the Commandos. Then, a squad of Globaltech programmed to destroy an enemy line of toys called the Gorgonoids, go on a killing mission, seeking for their lost homeland. The story's message here (played by Canadian Gregory Smith), gets an advance shipment of the new products while sending his father's old-fashioned toy store. Overall, the toys boast out of their audiences and the northern horizon.

Littered with ironic asides, including a blast of Wagner from *Apocalypse Now*, the movie is a pastiche of well-worn devices. A constant barrage of American-style British collo-



ified straight from Toy Story. Director Joe Dante cannibalizes his own *Cremlo* (1984). And the plot plays like an adolescent upgrade of *House Alone*, with the boys inventing an arsenal of baroque weaponry from household objects such as nail guns, chainsaws, cone-cob holders and toasters.

While the gimmickery is ingenious, the story is lame, especially the odd romance between the boy hero and an older girl next door (Kirsten Dunst). As her overbearing father, the late Phil Hartman is a treat. But his performance is just one of many ratty parts assembled into a clunky product.

It is ridiculous what a misadventure has to put up with these days, just to have a few laughs. There's *Something About Mary* is the latest grass-out ramp from director brothers Peter and Bobby Farrelly, the fast-boy brothers who made *Dumb and Dumber* and *Kingpin*. It is a deftly tasteless romantic comedy about

Solier, Diaz: strikingly tasteless romantic poverty



FREDERICK D. JENSEN

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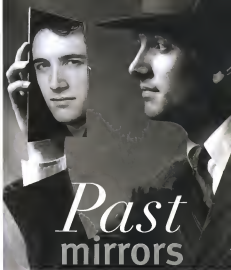
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Music



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Busy, busy baritone

After five months on the road, a weary-looking Gino Quilico can credit the obvious. "This time, I'm tired," said the 43-year-old baritone, dressed in a chair in his Montreal studio. He had spent an unusually long stretch away from home, juggling opera performances and recitals in his latest CD, *Le Secret*. But his resolve was to be short-lived: last week, after a nearly-long break, Quilico was back onstage in Ontario, Prince, singing the role of the swaggering tenor Brumwell in Giuseppe Verdi's *La Traviata*. But the Montrealer may pop up more often on Canadian stages now that he is drawing more attention to the vocal side of his career. *Le Secret*, his first solo recital recording—a collection of French art songs—has met with generally favorable reviews since its release last fall. Although he likes the intimate contact with the audience, Quilico finds recitals more taxing in some ways than opera performances. "You're inside," says Quilico. "It's Gino Quilico standing in front of an audience and there is nothing else to look at but his count and the singer has to open, you can hear somewhere."

Quilico can hardly be accused of being a shrinking violet. With his lyric baritone voice, strong good looks and dynamic stage presence, the man commands attention. "He's one of the new generation of opera singers that combines terrific acting ability with vocal talent," says Philip Barwell, artistic administrator at the Canadian Opera Company. Compared with a lively sense of humor of others, Quilico has been known to show flashes of temper in his professional life, once putting his fist through a piece of scenery. "I don't stand for any

ness," says the singer, who acknowledges that he can be demanding.

Quilico started his singing career in a rock band, but by age 15, he had won a minor role with the Canadian Opera Company and was hooked. He worked in his father and late mother, Louis Quilico's, a gifted concert pianist, for two years of intensive vocal training, and enrolled at the University of Toronto's faculty of music. On the most baritone, Quilico achieved early success, landing a contract with the Paris Opera when he was 25. "In that way, his career is an anomaly," says Barwell. "He got started very early and has maintained a very, very nice career." He has appeared in films and videos and made more than two dozen recordings, including the 1985 *Les Troyens*, which, featuring Quilico as the principal soloist, won a Grammy Award for best opera recording.

Quilico has also appeared several times with his father, including a memorable 1988 Toronto production of *Don Giovanni*. Rumors abound of a rift between the two since his father—now semi-retired at age 69 and living in Toronto—renewed after Gino's mother died in 1986. But the younger Quilico dismisses any enmity. "It's not a rift," he says. "It's just that there comes a point in life where you have to go your own way. It's part of growing up." Following in his father's footsteps has not been easy, Quilico claims, explaining that he has had to work that much harder to prove himself.

There are notable differences between the two singers. Gino Quilico is a lyric baritone and his father, with his darker-toned voice, is a dramatic baritone. But Gino Quilico has slowly begun to venture into Verdi territory, finding ground in his father's repertoire to one day tackle his father's signature role, *Alfredo*. "I want to do it when I feel that I can bring something different to it, with out imitating him," says Quilico. "Respect for me, his is perfection."

Quilico shares a house in Westmount with his second wife, Kathryn, 38, and their two children. When he is in Montreal he often wanders over to his grandfather's studio in a nearby apartment, where he keeps electric guitars and a synthesizer for composing songs with a World Music beat. Meanwhile, his opera calendar has dates pencilled in until 2003, including performances this fall at New York City's Metropolitan Opera and a return to *Traviata* in Montreal in 2000 for the 10th anniversary of his mother's death. He also booked for a recital next spring in Toronto—his first appearance there in 16 years. For Quilico's fans, the homecoming is long overdue.

DEBORA BRUNSWEIL

Barenaked in America

BY NICHOLAS JENNINGS

The band is reviving its fortunes on the road

The Ladies' luck has changed. While Canadian's Barenaked Ladies have flailed at home in the past few years, their career has exploded south of the border. Last week, with the release of the pop band's latest album, *Stunt*, the five minimalist performers on ABC-TV's *Good Morning America* before an estimated 3.8 million viewers. Later that same Monday, the Ladies were in Boston where they gave a free, half-hour concert to the 80,000 people—double the number local officials were expecting—to boat of city hall, followed by a four-hour autograph session. On Tuesday, they delivered more kisses and signatures to fans at a Detroit music store. Then it was on to Chicago, where the band did it all over again at a downtown record outlet. By Thursday, the group was aboard its tour bus, heading west to Milwaukee, Wis., to headline a rock festival that will serve the conflict for the rest of the summer. "We Barenaked here in America," quipped Michelle Enzel, music director of Boston's WBZM. "They're a fantastic group with great songs and a unique chemistry. We can't get enough of them down here."

It's a reversal of fortune for Canadian pop's famously taciturn five-piece rock act that over the past few years has seen their record sales plummet. After their 1992 debut album, *Gordon*, went nine-times platinum at home (selling 900,000 copies), the band seemed to suffer from overexposure and the perception that it was merely a novelty act. With his busy status hovering over their heads, the Ladies hired Terry McElduff, the savvy Vancouver-based manager who engineered Sam McCallum's rise to stardom in Atlanta to McElduff's former, the band doggedly toured the United States, building a word-of-mouth following with their dynamic live act. After achieving a modest U.S. hit with the *Old Apartment*, from the group's third album, *One*, on a *Private Strip*, the Ladies released *Stunt* (Mercury), a collection of live songs from previous recordings that was intended as a stopgap until their next studio album. Surprisingly, the live recording proved to be their breakthrough, introducing American audiences to such early hits as *Brain Wives* and *I Had \$2,000,000* (it has now sold an asso-

ciating 800,000 copies in the United States, putting the way for last week's release of *Stunt* already, the new album's first single, *One Week*, landed inside Top 10 charts and with the 42-date *H.O.R.D.E.* rock festival and a July 26th TV date on the *Z100* with David Letterman, the band's U.S. pop act only now.

Shifting in an upscale Toronto diner last month, the group's usually wine-drinking frontmen, Steven Page and Ed Robertson, were uncharacteristically candid as they reflected on their fall from grace in Canada. They admitted that a pain there to see American audiences embracing the band—which includes baseball fan Greg Corrao, designer Tyler Stewart and keyboardist Kevin Cadogan—while many Canadian fans still take the group for granted. Superstar Robertson recently said a woman he recently met in Toronto asked him if the band was still together. When he told her they had been performing in the United States for almost two years, she responded with "Oh, you're terrible."

Robertson says he just smiled, but now adds, "I felt like asking her when she last went to one of our concerts." Page, who also sings and plays guitar, seems muddled over the question. "Shey Canadian, don't get too hot. What, do they think we're going to go out and collapse there in front of the world, that we're going to Ben Johnson there or something? I just don't understand that part of the Canadian mentality. I hope the country grows out of it."

The Ladies themselves have undergone their own act as five carefree guys from the Toronto suburbs of Scarborough, as music they permeated through schools about high school and a protest love of Kraft-Daer. While Warner has remained a key part of their live shows, their look has changed: guitars and designer duhls have replaced down-market fashions. And the band's albums have become progressively more mature—sophisticated pop rather than sophisticated rock. *Stunt* (Mercury/Warner) represents the band's most accomplished work to date. The rapid white-boy rap of *One Week* captures the unapologetic thrill of Barenaked's exponents, while *As the Car is a Lightbulb* (Mercury) touching coming-of-age song about teenage sex. *Scapewords*

Page and Robertson tackle darker subjects, such as suicide, in *It's the Best Gift*. But the album's most cleverly crafted tunes are the gentle *Call and Answer* and the party *Told No. 36*, which place the Ladies squarely in the same league as British soap singer Elton John.

McElduff, who helped push U.S. sales of McLachlan's 1997 *Seething* album past the two-million mark, is convinced that the Ladies will reach a similar plateau with *Stunt*. "They've delivered exactly what they had to do with this album—a great collection of pop songs," he says. The Vancouver manager, who keeps in constant touch over the Internet with the Ladies, their record company and booking agents, added, "These guys have done everything I've asked them to do: mature appearances, radio shows, club dates, outdoor festivals and their own theatre dates." The strategy, which calls "macro-marketing," involves building an audience in each city piece by piece. "That way," says McElduff, "every time you come back, you're bigger than the last time. You've got more believers. It's incredibly hard work, but I want to see, as an act, when they're willing to do this. It's the same commitment that Band had to make."

While McElduff's approach has succeeded in breaking Barenaked Ladies into the U.S. marketplace—where other talented Canadian acts, including Ilse Hedges and The Tragically Hip,

have so far failed—the constant touring exacts a personal toll on the group. Page, like Robertson, is married with a child, and he admits that he is rarely home. "It's a huge sacrifice," says the 30-year-old. "Basically, my whole life revolves around the band." Adds Robertson, "I don't know how many times I've had to blow off a family event to do a gig. That's hard on your family because they start to feel secondary."

The big question is: will the American breakthrough translate into a Canadian comeback? "It would be nice," Page muses. "We went from selling out four nights at Toronto's Massey Hall to not being able to sell out a single night. It's a hard thing to get used to, especially in your home town." But the answer, both he and Robertson know that if domestic popularity continues to elude them, the band is not about to fade away from their mortgages. Says Robertson: "The success in the U.S. has given us confidence that whatever happens, we'll be all right." Confidence, but not arrogance. Both musicians are acutely aware of the band's good fortune in getting a second shot at stardom. "We have to put ourselves in the shoes of other Canadian bands who look at us and say, 'Yeah, but you're had a nine-time platinum album. What are you complaining about? And they're right, we have been incredibly lucky. But we've also worked really hard for this.'"

NEW PATHS FOR POP VETERANS

Barenaked Ladies' Steven Page and Ed Robertson were still in high school, perfecting their class-clown routines, when 54-40, Cowboy Junkies and The Tragically Hip cut their first records. Now, more than a decade after their debuts, all three bands have released albums that shed light on their longevity. To varying degrees, each recording represents a change in musical direction—proving that, in pop music, nothing works quite like reinvention.

Ironically Cowboy Junkies can boast the most radical retuning. The four-piece band built around Michael Timmins's slow-tempo, minimalist country ditties and sister Margot's light-as-ethereal vocal delivery, has been gradually moving towards a faster, more potent sound. With *Miles from Nowhere* (Geffen/Universal), its seventh album, the group shifts into hip-hop, twanging organ, strings and layered vocals into the mix to deliver its most driving and diverse album to date. The opening *New Dawn Coming* sounds a bluesy oah, over crashing drums and a probing bass. Margot sings hopefully of a personal rebirth. Similarly upbeat is the breezy title track, which may be the happiest. The melancholic *Justices* have ever sounded, but the real shocker is *Someone Got There a Sweet*, where ballad that suddenly turns ugly when Margot returns to God angrily as "that I come up there." Coming from the acoustically dense singer, it has the effect of a bomb going off.

While the Junkies swing away from

country-based sounds, Vancouver's 54-40 runs headlong into desperado territory with its seventh album, *Smash About Town*. Full of driving acoustic chords, too steel guitars and loads of laid-back churn, the 12-song collection evokes The Byrds, Grant Parsons and Harvest era Neil Young all at once. Singer Neil Osborne's lay-did seems best suited to mid-tempo country rockers like Angel in My Mind. But he can also handle

slower love songs, such as *I Could Give You More*, and popper tunes like *You Should Have Seen Me*, courtesy with the serene vocal help of Christine Henderson. Sarah McLachlan's backup singer. The album affers from the lightweight nature of some of Osborne's lyrics, and even an abundance of orchestral string cannot save those songs. Still, with its more countrified sound, the band has produced a winner.



Like The Tragically Hip, the Hip is a formidable live act. But, increasingly, the Kingston, Ont., band has been using the studio to stretch itself artistically. Now, with its sixth album, *Phantom Power/Universal*, the Hip has expanded its musical palette, adding intricate textures and drawing organs to point songwriter David Dewhurst's edge, abstract pictures. As its title suggests, the album has a ghostly feel to its tracks like *Reveries* and *Phantom Power*, with its speedy depictions of women seeking flesh-bites and heart-lashed *Madison Avenue*. But the album also has a playful side, best reflected on the bristly rocking *Phonetics*, in which a girl helps to loosen a hockey-obsessed boy's grip on *Bobby Orr*. "Now imagination's having puppies," Dewhurst sings in *Something On The Same*, could be said about Dewhurst and the Hip who, with *Phantom Power*, have produced a lot of wily inventive songs.

N.A.



Peter C. Newman

Making the case for bank mergers

Two political campaigns are disrupting the busy busy days of this long, hot summer. The first, of course, is the contest for leadership of Canada's dormant Conservative party. To choose between Joe Clark and Hugh Segal should be as simple as having them throw stones, with the loser taking the job.

The other campaign is more complicated and much more significant. John Cleghorn, the chairman of our largest bank, the Royal, is travelling the rubber chicken circuit, trying to persuade Canadians to love their banks—to love them enough that they will be allowed to become at least twice as large and many times more powerful than they already are.

His dilemma is reminiscent of the Canadian soldier or peace-

keeping deity in the Middle East who stands knee-deep in a mine at the desert. "The rat like most gods," warns the little inscription, "only grant one wish, not three. What's yours?"

The soldier pulls a map of the region out of his back trouser pocket and says, "Look, general, here's Iraq, Jordan, Syria, Israel and the Palestinian territories. Everybody's fighting all the time. My wish is that you bring peace to the Middle East." The genie is shocked. Most people demand wealth or power or sleek blends and here in this Canadian asking for peace in the Middle East.

"Sorry," replies the genie, "it's very difficult, even for genies, to bring peace to a whole region."

The soldier is visibly disappointed. He refolds his map, puts it back in his pocket and starts walking away.

"Come back," says the genie. "Since you're so unselfish, I'll grant you another wish."

The soldier is delighted. "Look," he says, "I come from Toronto, and I want the Maple Leafs to win the Stanley Cup."

"Oh, all right," says the disappointed genie, "let me see that damn map again."

That's a fairly accurate assessment of Cleghorn's dilemma. He knows that public perception of Canadian banks is set in concrete that they are too big and too powerful, that they make huge profits and pay minimum taxes, that they shirk change-telling duties, charge their customers extravagant service fees, and would gladly lay out any sum that would expand their already bloated bottom lines.

In his gut the genie who can transform such Canadian misconceptions of Don't let against him. Mergers are in the air, and if he can make a credible case by going over the politicians' heads, it might just work.

Cleghorn is the point man for the quartet of Canadian banks with the urge to merge. He'll never be a television star, but he does have

remarkable wit. (A deflection of "he'll" is what Joe Clark doesn't have.) His determination is based on conviction, not whim or anger.

Shy and introverted he may be, but Cleghorn's most belief system is not negotiable. Somewhere in his past he became convinced that big was beautiful.

To make his case, Cleghorn needs to explain that banks have lost their unique ability to create money, credit or anything else. Their rivals are no longer other banks but firms like Steve Hudson's Newcourt, which replicates most banking functions with mainframe overhead, or Microsoft, which, if it had been allowed to acquire software rival Lotus, could have transformed itself into a virtual one-stop bank.

And it is, the Royal's not exactly a more-and-pay-operation. The bank has 30 million customers and total assets of well over a quarter-trillion dollars. In 1987, it earned a net profit of \$1.08 billion, the largest of any Canadian enterprise, ever. Despite the growth of electronic banking, there are probably more bank branches than pubs and taverns in this country.

No matter how high they rise, Canada's bankers refuse a kind of green-eyed shade, good-bye-to-the-past-is-the-mark-of-a-weakling about them. They are dapper soldiers, dapper men, dapper husbands—occasional eccentrics in a heretical world. Just like John Cleghorn.

The man with the best clue to what makes Cleghorn tick is former Royal Bank associate VP Don Wells. The two men go back more than 30 years. Back in 1956, they had a long, liquid one-night at the Hilton Hotel bar in Spadina City and by about 5 a.m., Cleghorn, who was then with the Mercantile Bank in Montreal and was being groomed for promotion to its U.S. head office, admitted he'd like to stay

in Canada and join the Royal. Wells recommended him to deputy chairman Doug Gardner, who hired him shortly afterwards. (Wells was so busy over the years that he never had a minor car accident at that cost him a \$450 leader repair job.)

"He's a genuine person," says Wells. When Wells was invited to the 1978 wedding of Cleghorn's daughter Andrea, long before he himself became chairman, what struck him was that he was the only Royal Bank guest there. Instead of trying to exploit a social occasion to impress his peers, Cleghorn had used it to include his friends.

In November 1994, when Cleghorn became CEO, he handed Wells a cheque for the \$150 leader tender. Wells jokingly asked for interest on the advance—\$1.625, which Cleghorn readily paid up. Wells's retirement party earlier this year Wells was touched by the gesture and washed his friend's goodgood.

He'll need it. So far, neither Cleghorn nor any of the big bank advocates have explained what, precisely, the amalgamated banks could accomplish that they can't do now—except, of course, bring peace to the Middle East.



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